

Energy

The Crosbie budget also stated that the oil and gas industry, and I quote:

—would receive \$33 billion net of all production costs and taxes. The funds flowing to the industry should be ample to support all needed new energy investments. If this does not turn out to be the case, adjustments will be made to ensure sufficient cash flow to the industry for all needed energy projects.

This was a position which I submit coincides very well with what the oil and gas industry and all the other related industries across Canada are asking for today, and would have been given if the Liberals had not landed this red herring of gas prices hook, line and sinker.

Hon. Judy Erola (Minister of State (Mines)): Mr. Speaker, I am very happy to rise and comment on the ludicrous motion of the opposition in this House. Hon. members opposite are clearly out of touch. Nothing could be further from the truth than their conventions.

I have not yet heard about the subject of coal. The Canadian government is actively seeking solutions to the very many important problems we face in terms of energy security and consequent economic revitalization. My colleagues have referred to aspects of our energy policy upon which I shall not dwell at this time. I would, however, like to take this opportunity to outline to this House and to the Canadian people the very positive steps taken by the government in the past several years in an effort to stimulate the Canadian coal industry and, in doing so, assist us in our commitment to energy self-sufficiency.

Coal, once out of favour, is now a born-again fuel. After years of relative neglect in the energy industry coal has emerged as a much needed alternative fuel. Spurred on by the dramatic price increases of OPEC, the development of coal resources has taken on renewed urgency. And Canada has large resources of coal. Measured resources are estimated to amount to some 50 billion tons of all types.

However, in 1979 coal contributed only 9.3 per cent of Canada's primary energy supply. Canadian coal production last year amounted to 33 million tons, yet Canada remained a net importer. This situation will likely reverse itself as early as 1982 or 1983 due to the expected increase in demand for Canadian thermal coal on both the domestic and export markets. However, Canada has been a net exporter of metallurgical coal for a number of years, and it is worthy of note that Canada exports a higher percentage of its coal production than does any other country—indeed, 45 per cent in 1978.

Currently, coal is used for two major purposes in Canada. About 75 per cent of the coal consumed is used to produce electricity, and the remaining 25 per cent is used in the steel industry to produce coke, the necessary fuel of the blast furnaces. There is now no doubt that the importance of coal in the Canadian energy economy will continue to grow in the next decade and that by the year 2000 production will exceed the current level by three to five times.

The Canadian coal industry is primarily divided geographically into two sectors, one operating in western Canada and the other operating in the Atlantic provinces. The government

has been active recently in both areas. In the western region we have taken a leading role in the development of the northeastern British Columbia coal deposits. We have committed ourselves to the Roberts Bank expansion in co-operation with the provincial government, and dredging work will begin in 1981. The Ridley Island terminal has been identified as an integral part of the future development of the northeastern British Columbia reserves, and we are ready to play our part. Railway line expansion, upgrading and construction will play an important part in this development.

On the east coast, in Atlantic Canada, the government has been working through the Department of Regional Economic Expansion in an effort to identify methods by which the viability of the Cape Breton coal industry may be revitalized. The Cape Breton Development Corporation should be commended for its efforts in working closely with DREE on this matter. The Elfstrom report into the accident at No. 26 colliery is presently under consideration, and the recommendations of the commission have been accepted by my colleague, the hon. Minister of Labour (Mr. Regan) and are currently under active review.

Further to that, I am pleased to tell the House that I am currently participating in and, indeed, encouraging the establishment of a research centre in Cape Breton as a direct result of the Elfstrom recommendations. Clearly, we have been responsive and active in both areas.

My department has been especially active in the development and encouragement of coal as an alternate energy source. Significant new opportunities exist to increase the use of coal in the Canadian energy economy in addition to the present electrical and metallurgical markets. This will be of special benefit to Atlantic Canada and, as this House is aware from previous policy pronouncements of my colleague, the Minister of Energy, Mines and Resources (Mr. Lalonde), the federal government is prepared to assume a large proportion of the technical risk in the introduction of new technologies—indeed, up to the point of commercial use.

There are presently two new technologies of interest for which we are financing research and development initiatives in the near term. They are fluidized bed combustion and coal in oil combustion.

The fluidized bed combustion process offers an improved way of burning coal for utility, industrial and institutional needs. This technology permits the burning of a wide range of coals in the same equipment—including the combustion of colliery wastes—and at the same time makes possible a significant reduction in the release of sulphur dioxide through the addition of control agents such as limestone to the combustion bed. Studies are currently under way to introduce this technology to allow the better use of the higher sulphur coals of eastern Canada.

In co-operation with the Department of National Defence I am sure the House will be happy to know that we are planning the replacement of a plant heating unit at the armed forces base at Summerside, Prince Edward Island, with fluidized bed combustion technology. We believe this technology will allow