

federal energy minister would be if the resources belonged to the Federal Government — if the Federal Government could determine what would be produced, at what royalty, at what time and in what quantity. But the Federal Government doesn't own the resources, the provinces do, and that causes real tensions in our Confederation — both among provinces and between the provinces and the Federal Government.

These are some of the basic problems that confront us. I believe Canada, more than most countries, has addressed itself to these policy questions. We have stated them in a document: *An Energy Strategy for Canada, Policies for Self-Reliance*. Only now is the United States moving to get in step with Canada and other countries — President Carter told his television audience the other night that he had ordered a White Paper on energy for April 20.

'Conservation' just a new word?

I'll describe parts of our strategy, and in almost every case you will see that, unless provincial governments follow with the appropriate initiative or take the appropriate decision, it will be difficult to give effect to a national need.

Let's start with what has to be the foundation of all modern energy policy — a rejection of our wasteful practices of the past....

Canadians along with a lot of other people, were nearly doubling their energy consumption every ten years.

The target which we set last year is to cut the annual rate of increase in national consumption of energy to 3.5 per cent — to cut it in half — by 1985. We expect to do better than that, possibly approaching a zero rate on a *per capita* basis by 1990 if we receive the co-operation of provincial leaders and other Canadians.

A few conservation measures we have taken include a 10 percent cutback of all federal departments and we are actively working with industrial groups which are devoted to similar objectives.

Our new mileage standards will cut back gasoline consumption dramatically. The new car in 1985 will go twice as far on the same gallon of gas as does a 1975 model.

Home heating remains one of the biggest potential areas of energy-saving. On this topic I would like to

see conservation incentives offered by the electric utilities, the oil companies and the gas companies, just as they once offered incentives to their customers to increase their use of power and fuel. It would be good business for them and good business for the country.

I would also like to see the banks, insurance and loan companies get into the act, offering savings and loan plans that would help people to do things to save energy — and a lot of money as well.

There are significant savings to be made in eliminating bulk metering of electrical energy. What incentive is there to the millions of Canadians who live in apartments to save energy if they are charged a flat rate regardless of the energy they consume? And what about time-of-day billing or other techniques to even-out energy consumption? Other countries are charging higher rates for hours of peak energy consumption. And some have adopted systems which allocate the time of day for hot-water heating. In Canada, we must look to the provincial government utilities to introduce these useful measures.

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What will displace foreign oil?

There are five energy sources which we must tap if we are to reduce our growing dependence on foreign oil.

(1) Our own oil resources — particularly our tar sands and heavy oils. We have estimated that, by 1990, oil from conventional sources might be down to 736,000 barrels a day, and that we might obtain 444,000 barrels a day from the tar sands and 500,000 barrels a day from the frontier. That analysis was based on the relative rating of the probabilities and economics of the frontier areas and the technology and economics of the tar sands.

Frontier prospects for oil since then have declined. It was for that reason that I proposed a set of fiscal principles to Alberta in order to reactivate an interest in a new tar-sands plant and in the heavy oils of the Cold Lake area and the Lloydminster area. I believe that access to secure oil even if the Government has to subsidize the production of that oil is more important than a tax and royalty system which would notionally allocate significant revenues to governments but would provide no oil to the Canadian people.

It should be possible (with the co-

operation of the Alberta government and the Saskatchewan government) to obtain for Canadians a million barrels a day by 1990 of Athabasca-type oil and heavy oils from Cold Lake and Lloydminster. But let there be no mistake, it will require the co-operation of the provincial governments. And decisions must be taken soon.

(2) Secondly, our natural-gas resources can replace imported oil. Quebec is particularly vulnerable to foreign oil imports. Seventy per cent of the total energy of Quebec depends on oil. And before we extended the pipeline from Toronto to Montreal, all of it was imported. I believe that oil pipeline was an investment in Confederation — in the security of Canada.

Our natural-gas situation today is somewhat better than the prospects for conventional oil. It has come about partly as a result of our pricing policy — raising oil prices and tying natural-gas prices to them. There has been very much more activity in Alberta in the past year and a half, with encouraging results. Very considerable deposits of natural gas previously known to be uneconomic have now been established as additions to our reserves base. This extra gas can be useful in helping to build a market for frontier gas.

This is the year that will determine whether or not a pipeline will be built from Northern Canada to serve Canadians and/or Americans. Clearly it would be inappropriate for me to speculate on the outcome. We have not yet heard from Mr. Justice Berger as to what social initiatives and environmental measures should be taken in the event that the Government were to decide on a Mackenzie Valley Pipeline.

There are people who, even if a Mackenzie Valley Pipeline is judged to be economically viable, environmentally satisfactory, and socially acceptable, say that nothing should happen until there is a settlement of the Indian Land claims. Clearly that would be desirable. But the difficulty, in theory at least, is that such an accommodation might not occur in our lifetimes.

I believe that Mr. Justice Berger may be planning to submit his report before May 1, which is the date that the Federal Power Commission must make its recommendation to the President. From then on it will be open season for various groups to make their represent-