

Oil and Petroleum

case last winter, or have they gone back to more normal temperatures?

Does the government intend to ask Canadians to turn down their thermostats in order to conserve fuel? I believe the average thermostat is set at 72 degrees. If it were turned down four degrees to 68, each year we would save the equivalent of 900 million gallons of fuel oil, about 10 per cent of the energy used for heating.

Fifth, is the government considering higher prices as a means of enhancing conservation of energy? I hope not. I do not look upon fuel as a luxury. I do not believe that if we raise the price, people will immediately cut back consumption. I draw to the minister's attention that farmers are the largest fuel consumers in this country. They cannot cut back on fuel consumption. They must still drive their tractors and combines. If the farmers' fuel prices increase, food prices will rise dramatically.

One study indicates that if we doubled the price of gasoline, initially the demand would go down 20 per cent, but would be back to normal in six months. If we doubled the price of home heating oil, initially the demand will go down 10 per cent, but in six months it will be back to normal. Is the government considering higher prices as a conservation method? I do not think it would work.

● (2040)

Also, has the government carried out any studies to ascertain the effect of last year's price increases on general fuel consumption? The minister has talked about introducing a conservation program. Has he considered the five points I mentioned? When may we expect a conservation program to be announced?

Mr. Macdonald (Rosedale): The hon. member has asked me about the report of the Energy Board. I do not have a copy with me this evening to refresh my memory as to the bases upon which the board arrived at its predictions of demand figures. The question might be pursued with the officials of the board. We have under consideration a program of conservation, both in terms of the government's own use of energy and in terms of persuading the community as a whole to be more economical. In due course we shall be making this available. The questions the hon. member has posed are the obvious questions one would consider when devising such a program. I shall be in a position later to go into detail as to what measures have been adopted, and why; I am not in a position to go into these details this evening.

Mr. Symes: Can the minister tell us when this program will be announced?

Mr. Macdonald (Rosedale): I doubt that it will be announced before Christmas. It is more likely to be announced in the New Year.

Mr. Symes: We shall await the program with interest. Now I have another question to ask on a different topic, that is, the Sarnia-Montreal pipeline. Would the minister advise the committee as to the current stage of the negotiations with Interprovincial Pipeline? Who will build the line, and who will own it? If the private company will not build it, will the government do so, and under what

[Mr. Symes.]

terms? Also, will the pipeline be reversible in the light of possible supply problems in the years ahead?

Mr. Macdonald (Rosedale): The intention would be to put in the capacity to make the line reversible, although the machinery would not necessarily be put in place in the early years. Negotiations are under way at the moment with regard to the construction of the pipeline. I do not anticipate that an announcement will be made this week, but I do expect that perhaps next week I will be able to make a more definite statement.

Mr. Balfour: Mr. Chairman, I believe it is of fundamental importance in the context of this discussion that we recognize that the critical energy problem confronting Canadians today is not the one-price policy. That is common ground between us. It is not the mechanics of payment of the price shelter or the levying of the export tax. Those were accepted in principle months ago, and the enabling legislation could be passed by this House in an afternoon.

The critical problem, the one which the government stubbornly refuses to acknowledge and come to grips with, is that of security of supply of petroleum and natural gas for Canadians, not for the year ahead but rather for the last half of this decade and the first half of the next.

I ask the minister, point blank: can he assure us that Canada's marketable oil and gas reserves will bridge the gap before new and expensive frontier resources can be brought to market? The answer to this question will determine our ability to fuel our industry, heat our homes, power our transport and co-operate internationally before presently available supplies run out.

I suggest to the minister that there is a distinct and present danger that our domestic petroleum supply situation could become desperate before 1980. Evidence continues to mount that future productive capacity in the presently accessible producing areas is falling short and, furthermore, that our hopes and expectations with respect to tar sands production might be met with disappointment. This morning we learned that one of the participants in the Syncrude project has withdrawn, and that the remaining partners feel obliged to re-examine their position.

The evidence with respect to the availability of adequate natural gas supplies from the existing producing areas is even more clear and it is expected that these will fall far short of national requirements before the end of the decade.

Specific policy decisions and new initiatives at the national level are clearly called for, and the host of present policy uncertainties relating to the oil and gas industry must be resolved so that the monumental task of assuring adequate energy supplies for the future can proceed. The resolution of these problems and the formulation of the policies required call for the highest degree of co-operative action and consensus between both the provincial and federal levels of government and between both levels of government and the industry itself.

The situation cries out for the re-establishment of an atmosphere of trust and confidence, an atmosphere now sadly lacking as evidenced by the hard-line belligerent