

oil furnaces. Everyone is getting in on the conservation game and we applaud that. In this mature and competitive environment I anticipate a continuing rapid decline in the residential use of oil after COSP is withdrawn.

CHIP has provided assistance toward conservation measures in more than 2,500,000 homes. Significant energy savings averaging some 17 per cent have been achieved in the homes that use CHIP. An evaluation of the program has established that CHIP played an important part in achieving those savings. It is estimated that the equivalent of 28,500 barrels of oil a day are being saved as a result of work done under CHIP. Between CHIP and COSP we are talking about some 60,000 barrels of oil. As with oil substitution, the benefit of energy conservation and reduced heating bills and increased home comfort are much more fully understood by Canadians now than seven or eight years ago. Installation specialists now certify their work to accepted national standards.

However, there remains a significant gap between understanding and action on the part of both consumers and industry. Consumers still lack confidence in the quality of work and the advice that they are offered. They see conservation and heating system technologies as being complex and doubt their own ability to sort it all out. Major technical issues remain to be solved and the work standards now in place need to be refined, expanded in scope, and backed up by the installer training program. These are very real problems, but they are not resolved by a Government grant, as I think everyone understands.

Reducing the use of oil and energy in Canada remains a very important national objective of the Government. Very large potentials for savings exist, not only in the housing stock but in other sectors as well, including commercial and industrial buildings and processes, buildings operated by various institutions, and the federal Government's own buildings and operations. We know that in many cases it can be less costly to invest in conserving energy than to bring on the same amount of new supply. In the existing housing stock the average potential for savings from cost-effective conservation measures has been estimated at 30 per cent. For millions of Canadian households it will be a very attractive investment, with a rapid return of dollars spent, to insulate, to draught-proof, and improve or convert their heating systems.

We cannot and should not continue to expect the public treasury to use borrowed dollars for the payment of consumer grants to try to ensure that this energy investment takes place. A more limited and balanced role for Government is clearly preferable, sensitive to the information needs of energy users and suppliers, to the technical problems still unresolved, and to opportunities for further development of energy use today.

The legislation before the House today is therefore a necessary step, but only a first step in reorienting government programs in these sectors. The Minister has also directed that all other programs of the Department of Energy, Mines and Resources in the areas of conservation and renewable energy are to be thoroughly and critically reviewed. She has directed her officials to conduct a parallel review of these program

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areas with provincial Governments in order to identify instances of waste and duplication of effort. Meetings have already been held with all provinces and territories.

Officials, the Minister and I have also been actively soliciting industry views on energy use in all sectors and on the respective roles that should be played by government in the private sector. We look forward to further discussions with provincial Ministers. The Minister will be bringing recommendations to her Cabinet colleagues for future program directions. We intend to review federal-provincial teamwork in energy programs and activities. We will work in co-operation with the private sector and achieve a more selective, disciplined and effective deployment of resources to effect energy use in Canada.

● (1140)

I want to go into some detail about the very substantial public expenditures involved in these programs to date. Over the past five years, CHIP has paid out over \$530 million in grants to consumers. The gross cost of CHIP to the federal Government over the past seven and one-half years has been over \$855 million. The total budget expenditure to the end of the calendar year 1984 is some \$1.4 billion, of which perhaps \$300 million has flowed back to the federal and provincial Governments in the form of tax on those grants. At present, rates of program activity grants under the two programs represent a gross annual cost to the federal treasury of some \$300 million.

COSP has mainly been an oil substitution program contributing half of the eligible material and labour cost of converting space heating and water heating systems from oil to non-oil energy sources. The maximum grants for single family units and non-residential buildings is \$800. The sliding scale of grants results in smaller amounts per unit for conversions of apartment blocks and other multi-family dwellings.

In Prince Edward Island, Newfoundland, the Yukon and Northwest Territories, COSP grants can be used for off-oil measures as well as insulation, draught-proofing, and furnace improvement measures in recognition of the fact that there are few reasonably priced alternatives to oil.

COSP has paid grants toward conversion or conversion measures in about 900,000 units, including 880,000 housing units. The oil savings which have resulted from that activity are estimated at approximately 30,000 barrels per day, which is equivalent to the output of a Syncrude plant. When it is put into those terms, it is quite significant.

Electricity accounts for 41 per cent of the units which have received COSP grants and gas accounts for 35 per cent. Some may have thought it would have been the opposite. Surprisingly, wood accounts for 20 per cent and the remaining 4 per cent represents propane, a very small number of conversions to other sources and conservation measures.

Provinces have been invited to limit the alternatives to oil eligible under COSP so as to conform with provincial energy-use policies. In most cases provinces have been prepared to let the program operate on a neutral basis.