

methods practiced in one building have already saved us \$100,000.

Under phase two, consultations are being held on a continuing basis with provincial governments, industry and labour. They are all being encouraged to institute conservation programs of their own. Provinces are being asked to reduce highway speed limits and revise gas and electric utility rate structures, to favour lower consumption. Last April we met with industrial leaders and urged each firm to apply individual conservation programs. I think they are trying to do this. Under phase three, a program of advertising was instituted in daily and weekly newspapers, radio and television, as well as in school brochures and booklets.

Phase four involves energy conservation measures consistent with elimination of waste and promotion of energy efficiency throughout the economy. This is to be done by imposing certain standards and regulations, tagging appliances with hints for efficiency and bringing in better insulation standards which were adopted by CMHC. It is proposed to take the tax off insulating materials; I do not think this has been implemented so far. In addition, I believe there is under way in the Department of Public Works a program involving energy systems analysis, or computer programs regarding federal public buildings. In addition, phase four envisages a program of consumer information on standards, an attempt to change certain standards and the introduction of certain tax measures.

We are studying questions like railway efficiency vis-à-vis the use of energy. Actually, the studies were given very wide terms of reference. As I say, we are studying the efficient use of energy in connection with freight rates and, as I mentioned just now, the use of recycling and packaging, the training of inspectors, and recommendations for use of returnable beverage containers. Provincial governments and municipalities were to deal with outdoor lighting, licence fees, speed limits, etc. They were admonished to institute programs in this regard as soon as possible.

I now come to phase five. This is a program stretching far into the future. Society, since the industrial revolution, has been based on production and consumption. It will be our task to change that emphasis and to emphasize services. There is now to be a premium on quality, not quantity. A change is required from raw competition to sharing, even to compassion. This will be the new emphasis. We must all change our allegiance and become a conserving society. This will mean that our new economic realities will dictate not only new domestic policies, but new international policy. The energy difficulties we face in Canada are not insurmountable, but solutions will require efforts on the part of all Canadians in the realms of cooperation, conservation and elimination of waste.

● (1710)

Mr. Jim Balfour (Regina East): Mr. Speaker, it should be clear to us now that Canada will not be able to float, unscathed and undisturbed, above the energy crisis of today and of the future. Like the other industrialized nations of the western world, we are on a collision course with the hard truth that we must import energy to drive our cars, run our industry, heat our homes and generally

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continue to sustain a lifestyle to which we have become accustomed. This year Canada will be a net importer of oil to the extent of approximately 100,000 barrels a day. It is a hard fact that Canada will not be able to satisfy domestic requirements with domestic production even when in 1981 the tap to the United States is effectively turned off.

Assuming the National Energy Board's reported recommendations that the export quota be reduced to 500,000 barrels a day from 750,000 barrels a day, the deficit of the oil subsidization program will be about \$400 million. There should be no doubt that for the future Canada's balance of payments position will be gravely affected by increased oil imports required to satisfy an ever-burgeoning demand—a situation which will be gravely exacerbated by our inability to sustain any substantial balance of exports to our neighbour to the south.

Canada's increasing demands for energy show no sign of abating. Indeed, in 1974 Canada's consumption of energy rose by almost 8 per cent, compared to a fall of 2.8 per cent in United States consumption and 1.8 per cent in western European consumption. Canadians are also among the least efficient users of energy in the world. We rank second only to the United States in the consumption of energy per capita. In addition, statistics show that Canada requires more energy to produce \$1 of GNP—national income—than any other major industrialized nation in the world.

We use almost twice as much energy per capita as Sweden, whose northerly location gives her a climate similar to our own in many areas. My colleagues have already, and will continue to do so, commented on this government's feeble response to the conservation problem and I do not intend to dwell further on that aspect of today's topic. Instead, I think it is important that we question what this government is doing to ensure that exploration for more needed resources is encouraged: in short, the problem of security of supply. Unfortunately, Mr. Speaker, the response to that question thus far has been negative.

The fact of the matter is that the government has discouraged exploration through its regressive tax regime, its failure to put in place ground rules for frontier exploration, and its unsettled policies and ad hocery in other areas, all of which have served only to discourage risk-taking and resource development investment in this country. To illustrate these points, Mr. Speaker, I need only point to the June 23 budget which retained the most regressive measures of the budgets of May and November, 1974, namely, the denial of a deduction from income of provincial royalties, mining taxes and similar charges, the implementation of the earned depletion scheme and the 30 per cent declining balance limitation in respect of exploration and development expenses.

I think it is important to elaborate to some extent on what the denial of a deduction from income of provincial royalties, mining taxes and similar charges, really means to the industry. In layman's terms, it disallows as an expense to oil, gas and other mineral producers every penny of the stiff royalties and their equivalents being taken by the provinces. This double-taxation measure levies income taxes on resource companies for money they do not receive. It drains away a sizeable part of the cash flow left to Alberta producers after provincial royalties, and leaves British Columbia and Saskatchewan producers