THE IMPACT

Under previous policies Canada's oil supply-demand balance would have worsened over the 1980s, with growing reliance on oil imports. The National Energy Program will correct this imbalance.

OIL DEMAND

The Program will reduce total oil consumption by 20 per cent between 1979 and 1990. Residential, commercial and industrial use of oil would show the largest decline, stimulated by pricing policy and direct Government support of oil substitution and conservation through federal investments of more than $3 billion in the period to 1983 alone. Transportation and other uses of oil would be stabilized.

OIL SUPPLY

Higher prices, rich new investment incentives, and rising cash flow in the petroleum industry will strongly encourage new oil supply. The National Energy Program, however, does not assume a "supply solution" to Canada's oil-import problem. It adheres to pre-Program official forecasts of total supply. While the prospects for new discoveries of conventional oil, new methods of extraction, expanded oil-sands production, and frontier and offshore developments are encouraging, the Program recognizes the potential folly of striking national policy on the basis of a promise, no matter how encouraging, of new supplies. The reduction in demand would eliminate oil imports by 1990. If potential new sources of supply live up to expectations, Canada would have an oil surplus.

TOTAL ENERGY DEMAND

The annual rate of growth in total primary energy demand is projected to be 1.9 per cent over the period to 1990. The relative contribution of individual energy sources to total domestic demand will change sharply.

Oil's share will decline from the present 43 per cent to 27 per cent by 1990, while other shares will rise: natural gas from 18 to 23 per cent, electricity from 28 to 32 per cent, and renewables (excluding hydroelectricity) from 3.1 to 6 per cent.

GOVERNMENT REVENUES

Under the framework established by the National Energy Program, all of the producing provinces will experience growing revenues from oil and gas. The exact level of those revenues will depend on such factors as gas export volumes and the world oil price. The Government of Canada has developed revenue projections that are premised on an expectation that world oil prices do not rise dramatically—as they did, for example, in 1979. The projections also assume that export volumes will be significantly below authorized levels.

Under these projections, Saskatchewan is expected to receive $3.2 billion over the period 1980-83 and British Columbia $3.6 billion. Alberta's revenues are expected to be 31.2 billion; close to ten times those collected by Saskatchewan, and nine times those enjoyed by British Columbia. Taking into account the $2 billion set aside over the period 1980-83 for the Western Development Fund, the western provinces will obtain some $40 billion as a result of the Program. These figures could, of course be substantially higher, in the event that export volumes or prices are higher than now assumed.

The National Energy Program gives the Government of Canada a greater share of oil and gas revenues. It also makes a major contribution to the Government's fiscal position by shifting an increasing proportion of the burden of imported oil costs from the taxpayer to the oil consumer. The Petroleum Compensation Charge will provide