

Oil Substitution Act

so dependent on nuclear power, I am much more equivocal about that particular option.

The possibility of moving to solar energy, as far as wood is concerned, there as well one hesitates. If this is scrub wood and not merchandiseable wood we are talking about, I suppose one might not hesitate, although our concern about forests suggests that we should be somewhat hesitant about conversion to wood. The possibility of wind and solar energy is a very important possibility. The lack of encouragement in these areas, combined with the decision of the Government to reduce research at a time when solar power, at least in the United States, is becoming competitive with all the other possibilities, is particularly to be lamented and fits in all too well with the early termination of the Canadian Oil Substitution Program in Bill C-24.

In considering the nature of this program, we have to recognize that its original goal was to reduce the use of oil by residential, commercial and industrial users to 10 per cent of the energy consumption in Canada. In order to do that, when the program was established it was projected that more than two million conversions of heating systems would have to occur. At the time, in fact, the home heating sector was dependent by 37 per cent on oil in Canada.

The COSP program has had a good deal of success in meeting this goal even in the first five years of its operation. According to departmental figures, the target of 1,981,300 residential units for the decade has been covered by about one-half. To date, 925,600 units have been converted and the plan to convert over one million units before the plan ends seems quite possible, particularly given the rush which has happened over the last month. About half of the decade target has been achieved at the midpoint. That is quite in line with the original projections of the plan and significantly reduces the consumption of crude oil for heating purposes in Canada.

Since Canada is a consumer of 1.45 million barrels of oil a day, a reduction of 42,000 barrels—15.3 million barrels per year, thanks to the COSP program—is an energy saving of 2.8 per cent which can be directly attributed to the program. Of course, if the program were to be continued, there would be some substantial reduction in the use of crude oil in residences, and for commercial and industrial heating. That is a significant saving from a program which has enormous significance at a time when not just Canadians but all of us around the globe have the best of reasons to be concerned about energy resources.

It might be noted, of course, that the COSP program was very efficiently administered and certainly does not raise any concerns on that score. Since the program began, \$549 million has been distributed in grants. A portion of that, no mean portion, came back in taxes. As a result, the program, over very close to half of its life, has cost the Canadian taxpayer about \$420 million. Administrative costs have been about \$5 million annually. This means most of the expenditure has gone to home owners and then to industry.

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That, of course, is closely related to the question of employment which I think is not to be ignored in considering the significance of these programs. It is particularly because of that that this is shortsighted action. The Parliamentary Secretary's observations about the importance of energy conversion and the value of these programs, together with the pious hopes he expresses that the private sector will pick this up and continue it after the Government has axed these programs, suggests to me that while the Government was desperately looking around for ways to meet its ideological commitment to deficit reduction last October and November and looked to this program as one means of doing so, it was expressing the ideological conviction that the deficit had to be reduced. It quite lost sight of the fact that if we are doing constructive things in the country, if we are making investments which save energy, and the Canadian Government is involved in reducing the cost of imported crude oil, it is perfectly legitimate to do that with borrowed money. But a Government which has this ideological commitment to reducing expenditure by any means will undertake just the kind of shortsighted action we see here.

I want to explore briefly the question of job creation because that is of enormous importance to us. The present Government and its leader campaigned on jobs, jobs, jobs, and then became involved with deficit reduction to create confidence in the pious hope that would lead to employment somewhere down the road. Here we have programs which were effective in creating employment. Between 1977 and 1980 the CHIP program created 44,150 person-years of employment. Every million dollars spent under CHIP produced 53 person-years of employment. However, the expenditure of \$1 million in funds under CHIP actually created 108 person-years of employment because of the private expenditures it encouraged. That works out to \$9,260 a year of Government expenditures for each year of employment. That is quite comparable with employment costs in other areas and suggests that in the CHIP program we have a perfectly good means of creating employment in the country. Always recognizing, of course, that the point of the program was not first of all employment of Canadians but, rather, energy conservation and cost reduction for consumers and taxpayers.

Under COSP we see very similar things. We find that for every million dollars spent on the Canadian Oil Substitution Program we have 30.5 person-years of employment created. Between 1981 and 1985 some 16,750 person-years of employment were created. If you add the home owner contribution, the total employment creation reaches 50,250 person-years. Again, no mean figure. It is interesting to note that the CHIP program has been stronger for Canadian employment because it was largely based on domestic production of insulation, whereas the COSP program tended to produce a fair measure of imports. As a result, there was no substantial effect on employment in Canada resulting from those public expenditures. If one draws that kind of a distinction, then the CHIP program was clearly preferable.