

Northern Pipeline

Mr. MacEachen: Mr. Speaker, the estimate which has been given by the National Energy Board has not been altered by any recent events. We all know that there is a welcome acceleration in the rate of new gas discoveries in western Canada, but their extent is still far from firmly established, and we cannot responsibly take the risk of not ensuring access to those reserves of gas in the Mackenzie Delta.

My colleague, the Minister of Energy, Mines and Resources (Mr. Gillespie), will be speaking in more detail about this question later in the debate, and undoubtedly he will go into more detail on the question just raised.

Proven gas reserves in the Delta are already sufficient to supply some 10 per cent of projected Canadian needs in the mid-1980s, as compared to the 5 per cent of U.S. consumption that would be supplied from Alaskan reserves. The access to Canadian gas in the western Arctic provided by construction of this northern pipeline, together with a number of other complementary government policies, should provide a strong stimulus to further exploration and development in that part of our frontier by private industry and by Petro-Canada.

As a result of the negotiations with the United States the cost of transporting Arctic gas to southern markets would be significantly lower, particularly for Canada, than under the system originally proposed by the National Energy Board.

Routing of the trunk line directly to Whitehorse rather than diverting it to Dawson, the U.S. undertaking to pay between two thirds and the total cost of moving Canadian gas between the two points, depending on the extent to which capital outlays exceeded estimates, and adoption of a higher capacity pipe design, would reduce United States shipping costs by about 7 per cent and Canadian shipping costs by between 11 per cent and 15 per cent.

If construction expenditures are within 35 per cent of estimates, and the United States consequently pays the full cost of transporting Canadian gas over the 277-mile line between Dawson and Whitehorse, Canada would save about \$1 billion alone on the transportation of current reserves of more than five trillion cubic feet. The savings will, of course, increase with the development of additional reserves.

The conclusion and implementation of the bilateral agreement are important also as a means of further strengthening the bonds which have traditionally linked Canada and the United States closely together. This unique association has led in the past to the construction of more than 1,700 miles of Canadian pipeline through the United States to transport Canadian oil and gas to markets in both countries. Undertaking of this major new project could well provide the basis for further co-operative efforts in the future that serve our mutual energy interests.

Meanwhile, the launching of this mammoth northern pipeline project will provide a much needed boost to consumer and business confidence in both countries, one that will go beyond the very considerable real impact it will have in stimulating production and employment directly and indirectly.

[Mr. Crosbie.]

On the basis of the procurement targets laid down by the principal sponsors of the Foothills project, which have an excellent record in employing Canadian goods and services, we estimate that nearly 100,000 man-years of employment will be created by construction of the total pipeline system in Canada and by indirect economic activity generated by income arising from pipeline outlays.

Excluding the Delta lateral, direct and indirect employment created by the pipeline is estimated at some 68,000 man-years. I will return to this issue later, but just let me assure the House that the legislation contains a number of provisions which are aimed at ensuring achievement of the highest Canadian input that is reasonably possible.

From recent discussions I have had with senior officers of Foothills, I am satisfied that the company is just as anxious as the government, and as hon. members on all sides of the House, to see that this objective is realized. I am sure these officers are fully prepared to come before the special committee we have established to consider the bill in order to reaffirm their determination in this regard.

I should add that Canada's international balance of payments position would also receive a strongly positive boost both from capital inflows associated with the project during the construction period and subsequently from tariffs levied on U. S. gas transported through the Canadian section of the system.

There is no doubt that some dislocation and disruption will be created in the Yukon territory during the construction period. On balance, however, I am confident that these unavoidable problems will be significantly outweighed by both the short-term and long-term benefits of the project.

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The pipeline company will be required to give preference to Yukon residents in training and hiring both for construction and operation of the system in the territory. It will similarly be required to give preference to Yukon enterprises in the procurement of goods and services for the project. Although permanent employment opportunities in the operation of the system in the Yukon will not be large, there is every likelihood that the project will serve as a catalyst in promoting other industrial activities, including accelerated petroleum exploration and development in the western Arctic.

The agreement that we propose to conclude with Foothills with regard to possible electrification of compressor stations in the southern Yukon could, in particular, provide the base for the expansion of electrical generating capacity which is necessary to facilitate further industrial development.

The training and experience provided by participation in the pipeline project would, in turn, enhance the opportunity for employment of the growing Yukon labour force in such developments.

Our ability to offset the unavoidable social and economic costs created by the pipeline project in the Yukon and to realize significant net benefits will be substantially enhanced by the terms the agreement concluded with the United States