

tion products and services are in plentiful supply at competitive prices.

Standards have now been developed for conservation work. Oil, for the moment, in a global sense, seems in plentiful supply at flat or declining prices, and even at existing prices the economics of both conservation and oil substitution have been demonstrated—and, in my opinion, do not require government incentives to remain attractive.

There are some fundamental concerns about grant programs themselves. Grant programs can distort market development and consumer choices.

● (1630)

For example, it is suggested that consumers may be making some decisions as between gas and electricity that are unwise over the longer term. In rural areas, regions where natural gas cannot be supplied economically, the Oil Substitution Program may have inhibited the introduction of higher efficiency oil furnaces.

All in all, honourable senators, certainly in my opinion, the better course for government at this time in these situations is to let the market system work. Government can continue to play a role at far less cost than in past years by supporting continuing research into problem areas, continued improvement in standards, and information transfer to industry and consumers.

The Minister of Energy, Mines and Resources has announced that a program of this kind will be introduced in close co-operation with the provinces and with industry. The aggregate funding levels provided for conservation and alternative energy initiatives in the current and subsequent two fiscal years have been protected, notwithstanding the fiscal restraints reflected in the recent budget. This means that more than \$300 million can be devoted to cost-effective conservation and renewable energy measures over that three-year period.

Intensive discussions are now taking place at the officials level to identify areas where the governments can work together to pursue opportunities to promote conservation and alternative energy options. This program will build on the work done and the lessons learned over the eight years of CHIP and the four and one-half years of the Oil Substitution Program. It will recognize that consumers need information, not necessarily handouts, as a basis for their decisions on energy use. It will put together the resources and expertise of the federal and provincial governments and will respond to the significant differences in energy priorities from province to province, and it will be delivered in co-operation with industry through industry channels.

Honourable senators, the Standing Senate Committee on Energy and Natural Resources conducted a pre-study of Bill C-24 and reported the subject matter of the bill without amendment, and asked for favourable consideration by this chamber. I make the same request at this time.

Hon. H. A. Olson: Honourable senators, Bill C-24 is a very simple bill, as Senator Kelly has pointed out. Its purpose is to discontinue two very good programs. That sounds almost

[Senator Kelly.]

contradictory. In the first place they admit that they are probably the two most effective—and, I might say, cost effective—programs that they know of; and yet, at the same time, they are phasing them out.

It is not quite that simple either, because they are cost effective in terms of what the alternatives might be.

For example, at the committee pre-study stage to which Senator Kelly referred it was at least acknowledged—I was going to say admitted, but certainly it was acknowledged—that the cost-effectiveness of these two programs, the Canadian Home Insulation Program and the Oil Substitution Program, probably saved Canadians the expense of buying oil at a cost of about \$20 a barrel, which is still somewhere down around 60 to 70 per cent of what oil costs on the market. And if that is so, then why in the name of common sense do we phase them out?

It is also admitted that there were probably two million installations in Canada where these kinds of savings were possible. As well, it is agreed that only about half are completed. The other 50 per cent or one million homes that could be effectively improved in terms of both conservation and oil substitution could be done at the same level of cost effectiveness; yet, the programs are being phased out.

One has to ask oneself why this is being done. Why phase out these programs? Is it because they are programs that the Liberals brought in?

This government is going to learn, and learn at its own peril, that it had better stop discontinuing programs simply for that reason. If there is some practical common sense within the programs and in the application of the programs, they should not be phased out. Simply because a Liberal government brought them in some time in the past is not good and sufficient reason to phase them out.

I suggest to the government that something of the same result will come from this as came from the old age security de-indexation proposal. Again, we have the situation of a person who really does not understand politics giving advice—and I am using “politics” in the best sense of the word—

Senator Flynn: Yes, you had better add that.

Senator Olson: These are programs that the people of this country like and to which they were attracted in large numbers. The government has admitted that the cost effectiveness of these programs was excellent, and yet they are to be phased out.

Those of us who have been watching the political scene for a long while believed after September 4, 1984, that this government was probably going to be in office for a long time. And I remember, too, people rationalizing in the same way following the Diefenbaker sweep of the country in 1958, capturing in all 208 seats, the largest majority in history up to that date. But they forgot one thing while they were in office, and that is that common sense and a practical application of certain programs that are of benefit to the greatest number of people need to be respected. And of course in those days they did the same thing. Senator Flynn was part of that government for a while. He