

### *Energy Policy*

One of the government's policies is to encourage the substitution of electricity generated from domestic energy resources including nuclear, hydro and coal for electricity generated from imported oil.

That sounds like a fine principle, and it is a good principle. But it is malarkey. It is not being carried out. In Newfoundland they are not helping us to get our future requirements from hydro which is available in Labrador. No less than 1,800 megawatts are available from the Gull Island site alone, with another 500,000 or 600,000 downriver at Muskrat Falls. There are other sites available for development, but the government is doing nothing to assist. The document goes on to say that their policy also calls for the provision of help in the strengthening of interregional electric connection. Not enough has been done in this field. The government's policy is supposed to be to lend 50 per cent of the cost of interregional interconnection or half the cost of nuclear generation for the plant in a province—up to 50 per cent. They did make an offer to Newfoundland in connection with the Gull Island project when the estimate of the cost involved was much lower than it is today. At that time I believe the estimate \$1.47 million—

**Mr. Deputy Speaker:** Order. I have to interrupt the hon. member because the time allotted to him has expired.

**Some hon. Members:** Go on.

**Mr. Deputy Speaker:** Is there unanimous consent to allow the hon. member to continue his remarks?

**Some hon. Members:** No.

**Some hon. Members:** Shame.

**Mr. Paproski:** He is our lead speaker.

**Mr. Crosbie:** Might I move the motion, Mr. Speaker?

**Some hon. Members:** No.

**Mr. Deputy Speaker:** The hon. member did not get unanimous consent to continue. He has already spoken, and I have to recognize the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas).

**Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands):** Mr. Speaker, Canada's dwindling supplies of oil and natural gas pose serious problems for the people of this country. It is therefore fit and proper that the government's policies for dealing with these problems should be discussed and, where necessary, criticized. Since I have only 20 minutes at my disposal I am prevented from dealing with the wide range of issues involved. I will therefore confine myself to dealing with two aspects of the energy situation.

The first matter I want to deal with is the government's failure to ensure that the increased prices being charged Canadian consumers are in fact used for the purpose of discovering and developing new supplies of oil and natural gas. In the past four years the price of gas has doubled and the price of crude oil has increased three-fold. The petroleum industry and the government have consistently maintained that

[Mr. Crosbie.]

these increases in price are necessary to ensure the cash flow needed to stimulate exploration and development. What has been the result? Exploration has not kept pace with the increased prices consumers have been required to pay. As a matter of fact, in 1975 there was a decline in exploration activity which represented the pressure on the government by the oil companies to raise prices. We are seeing a continuous decline in exploration.

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At page 36 of the study "An Energy Strategy for Canada" we find that for every \$1 increase in the price of a barrel of oil the industry will get 25 cents per barrel even if there is no increased exploration. If the companies carry out sufficient exploration work they will get 56 cents out of each \$1 of the price increase. The federal government will get nothing; the balance will go to the producing provinces. On page 38 of the energy strategy study we find this illuminating statement:

Current estimates suggest that with existing fiscal systems and prices that gradually increase towards current international levels, the industry will retain, after taxes and royalties, in excess of \$3 billion per year (in 1975 dollars) on the average, over the next five years.

If ever there was a windfall, this is it. The government has repeatedly assured the House that it would monitor these windfall revenues paid to the oil industry by the consumers of this country so as to ensure that these moneys were used for exploration and development. There is no evidence that this has been done. Indeed, all the evidence indicates the contrary. The government has consistently over the years refused to follow the course advocated by the New Democratic Party, namely, that all the additional revenue from the rise in oil prices, except that part which goes to the producing provinces, should be retained by the federal government in trust for reinvestment in exploration and development. This money could be paid to the industry as exploration programs are carried out, or the money could be utilized by Petro-Canada to carry on exploration offshore and for the development of our heavy oil and the oil sands in Alberta and Saskatchewan.

The second matter that I wish to deal with in the short time at my disposal concerns the efforts being made to push the construction of a Mackenzie Valley pipeline as a solution to Canada's need for natural gas supplies. It seems to me that this is an appropriate time for the House to express its opinion on this matter and at the conclusion of my remarks I propose to move an amendment which will give the House an opportunity to do so. It seems to me it is further made necessary by a statement which appears in this afternoon's papers from Washington where discussions are being held between the Prime Minister of Canada (Mr. Trudeau) and the President of the United States. In passing, Mr. Speaker, I want to pay tribute to the Prime Minister. I am sure all of us were proud of the eloquent and timely speech that he made to the Congress of the United States in which he represented the views, I believe, of the great majority of the people of Canada. The report from Washington reads as follows:

A Canadian official indicated here Tuesday that Prime Minister Trudeau is ready to do all he can to speed a decision on construction of the multimillion