

SITTING SUSPENDED

The Acting Speaker (Mrs. Champagne): Is it the wish of the House to suspend the sitting to the call of the bell?

Some hon. Members: Agreed.

The Acting Speaker (Mrs. Champagne): Accordingly the House will suspend the sitting to the call of the Chair.

The sitting of the House was suspended at 5.17 p.m.

SITTING RESUMED

The House resumed at 5.28 p.m.

* * *

HIBERNIA DEVELOPMENT PROJECT ACT

MEASURE TO ENACT

Hon. Harvie Andre (for the Minister of Energy, Mines and Resources) moved that Bill C-44, an Act respecting the Hibernia Development Project and to amend certain acts in relation thereto be now read the second time and referred to a legislative committee.

Mr. John A. MacDougall (Parliamentary Secretary to Minister of Energy, Mines and Resources): Madam Speaker, today is a great opportunity for us to be able to debate Bill C-44 and likewise Bill C-45 which bills represent important stepping stones along the road to a vibrant energy future for Canadians. They give the go-ahead to the development of two of this country's largest and richest energy resources.

Three hundred and fifteen kilometres off the coast of Newfoundland, under 80 metres of water, lies one of the largest deposits of oil to be discovered in this decade anywhere in the world. In all, we estimate that 650 million barrels of oil await recovery under the Hibernia site.

Almost a continent away, in northern Alberta, beneath the earth's surface lie the oil-soaked sands containing one and one-half times the recoverable light crude oil in all of Saudi Arabia—350 billion barrels of oil or 600 times the amount that Canadians consume each year.

Canada has benefited significantly from a thriving oil and gas industry. Today, one out of every seven dollars

invested in the Canadian economy goes to the oil and gas sector. To a considerable extent this reflects the importance of the industry in our economy—including refining and petrochemicals, it accounts for about 12 per cent of our gross domestic product. Net energy exports have significantly improved our balance of payments in recent years, reaching about \$7.5 billion in 1988.

Even though their economies are diversifying, our western producing provinces of Alberta and Saskatchewan rely heavily on the petroleum sector for employment and economic growth.

This government has placed special emphasis on maintaining a strong and active domestic oil and gas industry. We have moved to a more market-oriented energy policy while remaining sensitive to the industry's special needs. When oil prices collapsed in 1986 we also acted quickly to assist the industry. The petroleum industry is so vitally important to Canada, we must ensure that its viability is maintained well into the future.

The government's investments in the OSLO and Hibernia projects are of vital importance to our future oil and gas industry. We are close to peak levels of production from the western sedimentary basin. These fields are forecast to decline in productive capacity.

If this industry is to continue to grow and prosper as we approach the 21st century, Canada must increase its investment in the non-conventional, higher cost deposits in Alberta and off the coast of Newfoundland.

Granted, there are risks involved. These projects will take nearly a decade before peak production levels are reached. Long lead times make it very difficult for the private sector to proceed on its own. Without public support, these projects will stay on the shelf. Our critics would have us pull out of these investments, to hold back, to wait for another day. "The projects are uneconomic," they say, "oil prices are too unstable".

The critics are too quick to judge. This government will not support investments in our higher cost oil reserves unless it makes economic sense to do so. The investment of public funds in both the OSLO and the Hibernia developments is not only wise planning, but it is economically sound.

Let us first speak of the Hibernia project development. The Government of Canada and private companies have already spent millions of dollars testing the