

Canada Oil and Gas Act

It is designed to promote frontier oil and gas exploration and will be supplemented by the new system of incentives called the Petroleum Incentives Program which will promote Canadian ownership and help smaller companies, especially those which do not have a big write-off base. They will have this incentive program and it will be especially helpful to Canadian companies.

With this bill geological and geophysical information will be made public earlier than in the past, thus promoting exploration by interested parties who would not otherwise have access to this knowledge.

The National Energy Program foresees a gradual rise in the price of oil during the next four to five years, with a more rapid rise during the last half of this decade. Thus it would provide a period for the country to adjust our lifestyles and our economy to the higher energy prices which will be coming our way during the last part of this decade. So, during the first four or five years of this decade we will see a doubling in the prices proposed. During the last half we will see a doubling again, so in effect we get a quadrupling of the price of oil, and that is likely a minimum. It provides during that gradual build-up period for a mechanism to reduce the use of oil. It allows the consumer to adjust by improving insulation in his home. CHIP program funding has been increased from \$80 million per year to \$260 million. It provides a system of incentives for the home owner and for business to convert away from oil to natural gas, to wood, to electricity and to solar heat. There will even be legislation in this session to ensure that the auto makers meet special standards in order that drivers can experience better gas mileage.

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As we work through the first three or four years of this decade, we will adjust to a reduced use of oil in our lifestyles. This reduced use will be the result, we hope, of conservation and conversion from oil to natural gas. Right now in the province of Alberta the consumption of oil in residential, commercial and industrial applications is some 5 per cent. The target of the government is a 10 per cent maximum use of oil in commercial, industrial and residential use during the course of this decade. If we could reach that target, we could save 375,000 barrels of oil a day. Part of the strategy for moving away from the heavy use of oil is to bring the consumption of oil in residential, commercial and industrial uses down to that target of only 10 per cent. The province of Alberta is already at the 5 per cent level. Surely we in the rest of the country can move toward that and save our country literally millions of barrels of oil every year and at the same time avoid the tremendous cost of constructing tar sands and heavy oil plants.

The message is very clear. In the National Energy Program we have a period of three or four years to get off oil, but the price is definitely going up.

The price of oil will quadruple. If crude oil costs \$16.75 today, it will cost about \$70 a barrel by the end of this decade. Hopefully we will adjust our consumption of it dramatically

during the first three or four years when the price does not increase so steeply.

Likewise, the moderate increase in the price of oil during the three or four years of the National Energy Program is important to our economy generally because there is a recession in the United States. There is no growth in our economy. If we impose dramatically high energy prices on the Canadian economy at this time, we will see our country go into a recession. We will see higher unemployment, higher inflation and so forth, so I think that aspect of the National Energy Program with respect to a moderate increase in the price of oil during the first three or four years is important because we still have a large number of young people coming into the labour force. This will be especially the case during the next three or four years. Surely the jobs created for hundreds of thousands of young people during the last six years since the OPEC crisis of 1973-74 would not have come about in such a dramatic way in Canada if we had not sheltered the Canadian economy from the fifteenfold increase in the world price of oil which has shellshocked every western economy.

During the late 1960s and the 1970s the Canadian labour force grew by 50 per cent, from some 6.7 million people to about 11 million today. Responding to the rapidly increasing number of people coming out of schools and the increased participation by women in the labour force we experienced the highest rate of job creation in the western industrialized world. The German economy and other economies are mentioned by members in the opposition, but if we look at that period during which Canada experienced a 50 per cent rate of growth in the labour force, we find that countries like West Germany actually experienced decreases in their labour forces. They did not have to keep their economies growing as fast as we did during that period. During the period from 1973 to 1980 I do not believe the Canadian economy actually did go into a recession whereas most other economies did. Part of that was due to the fact that we were able to moderate increases in energy prices.

Even in the price of food and in the price of diesel fuel proposed in the budget of last December 11 compared with the situation under the National Energy Program we see a dramatic difference. For an agricultural producer, whether he is in western Canada, Ontario, Quebec or the maritimes, using some 6,000 gallons of diesel fuel a year, the average difference in cost of diesel fuel over the next four-year period will be some \$2,000 per year. This represents either a considerable hardship for the agricultural producer who has to take that out of his profit, or a considerable cost to be passed on to the consumer. That is another reason we suggest a moderate increase in the price of energy during the next three or four years or the first half of this decade.

That same pricing problem would have affected municipalities, which would have had to pay higher excise taxes and higher energy costs under the previous budget. The same would have applied to loggers, northerners and others using diesel fuel.

Doubtless the opposition will be very opposed to one provision in Bill C-48, under which there would be a carried interest