nations should be increased. If the hon. members really think we have problems in Canada, they should see those the Third World has to face. They would quickly realize we may have too few problems in our country and this is why the hon. members opposite are having such a hard time looking for some. The minister said healthy competition should be encouraged, the weight of government regulation lessened and paper work done away with for small and middle-sized businesses. As far as I can see, this is just what the Liberal government has been trying to achieve over the past few years.

Mr. Speaker, the budget also included a national energy program. This tends to be overlooked as well, although the budget and this policy are only one month and a few weeks old. The government has announced several measures to implement its National Energy Program, which is founded upon three basic principles:

1. Security of supplies and ultimate independence from the world oil market.

2. Opportunity for all Canadians to participate in the energy industry, especially petrol and gas, and to share in the benefits of its expansion.

3. Fairness, with a pricing and revenue-sharing regime which recognizes the needs and rights of all Canadians.

The main points of this program include a blended pricing regime for oil in Canada, with a set price which will be gradually and regularly increased. This price will remain far below the international level and never be allowed to exceed 85 per cent of imported oil or the price of oil in the United States, whichever is lower. A competitive advantage for Canadian industries will therefore be preserved.

The blended price for oil is an average of the cost of foreign oil for which we have to pay world price and the cost of domestic oil. The mechanism for blending in higher cost supplies will be a petroleum compensation charge levied on all refiners. The new regime will be phased in so that the burden of subsidizing costly oil imports will be transferred from the taxpayer to the oil consumer.

The price of natural gas will increase less quickly than the price of oil, which will provide a major incentive for consumers to switch off oil to gas and we propose to assist in this conversion through massive subsidization.

A new federal tax, at a rate of 8 per cent on net revenues from the production of oil and gas in Canada will be levied, starting January 1, 1981. The two new taxes will yield around $11.7 billion over the next fiscal years ending in 1983-84. The new revenues will finance the major federal spending initiatives in the field of energy and the western development funds. And starting from April 1, 1981, marine and aviation fuels used in interurban transportation will no longer be eligible for the lower prices available to domestic consumers in Canada.

Economic Conditions

Mr. Speaker, half of the income derived from levies on crude oil will be transferred to the producing provinces, namely, Alberta and Saskatchewan. In recent years the federal government received about 10 per cent of all petrol production revenues, the producing provinces slightly over 45 per cent and industry slightly under 45 per cent. With the new program, the federal share will be about 24 per cent by 1983, the provincial share 43 per cent and the industry's 33 per cent. The depletion allowance in the income tax for oil and gas exploration and development activities which have primarily benefited large established corporations, which are for the most part foreign-owned and controlled, will be abolished or phased out, except for tar sands plants and frontier exploration. A new incentive program of direct payments designed to promote investments from Canadian companies and individuals will be established. It will provide additional incentives for exploration in the north and the offshore.

Mr. Speaker, other energy measures were also announced in that over-all policy. First, a national gas bank will be prepared to purchase from Canadian producers, gas that cannot find markets in order to provide them with a source of cash flow. Second, a new grant program will assist home owners to move off oil and onto natural gas, electricity and other fuels. Third, market development bonuses will be provided to distributors, especially in eastern Canada, and energy conservation will be strongly promoted through consumption standards to be followed by car users. Fourth and last, renewable supply will be further enhanced with implementation of research and demonstration programs and the establishment of a new Canadian Crown corporation called Enertech Canada. It was announced recently that this new corporation will have its headquarters in Winnipeg. Furthermore, some regional measures have been announced in that same energy program and they are designed to meet the particular concerns of some areas. As a matter of priority, the natural gas pipeline system will be extended to Quebec City and the maritime provinces, gas prices in Quebec City and Halifax being set at the same level as in Toronto and Montreal. A fund will be established to support the conversion of oil-fired electrical plants to coal in the Atlantic area; $4 billion will be allocated to a western development fund of which half will be spent over the next three years on specific development projects selected in consultation with the governments of the western provinces; additional funds will be available to find ways in which the large reserves of Cape Breton coal can be used; an industrial conservation program will be implemented and a housing retrofit program will be introduced for Newfoundland, Prince Edward Island, the Yukon and the Northwest Territories; federal equity will be provided in support of hydro development on the lower Churchill River in Labrador.

Mr. Speaker, in addition, the objective of Canadian ownership has been defined in that over-all policy. It will be to ensure at least 50 per cent Canadian ownership of oil and gas