

investors were eliminated. Also included in the Accord was an agreement with the provinces to progressively phase out the PGRT by January 1, 1989. That was agreed to by both sides. These actions put billions of dollars back to work in the Canadian oil and gas industry. The Accord removed the heavy hand of government from the industry. It restored industry cash flows - the source of growth, investment and jobs.

At the same time, events in foreign lands cast a shadow over the industry. Those problems must be dealt with, but they should not obscure the profound change in attitude and in action - that came with the election of the Mulroney government.

Anyone familiar with Federal Provincial relations between 1980 and 1984 will know that our election brought a fundamental change in the attitude of Ottawa toward federalism.

I was at the heart of the constitutional debate. I know what Mr. Trudeau and the NDP were trying to do, and I know the extreme reactions they generated here. All responsible Western Canadians can take real satisfaction that that era is over, that intransigence is gone, and there is now a common determination to treat Western Canada as an equal partner in Confederation.

That partnership is reflected now in the response to the new energy problem, whose roots are in a divided OPEC. The tragic result of the free fall of world oil prices in Canada has been five billion dollars in reduced cash flow in 1986 alone, and a loss of some 40,000 jobs.

The Federal Government has responded by totally eliminating the PGRT, effective October 1 this year. This will add hundreds of millions of dollars to industry cash flow over the next two and a half years. As these funds are re-invested, they will help restore the industry to healthier levels of exploration and development activity, thereby helping to save existing jobs, and create new ones.

Small and medium-sized producers received interim PGRT relief last spring when the small producer tax credit was raised from \$500,000 to \$2 million, saving them millions of dollars.