The March 27 meeting of the first ministers was primarily a formalization of agreements reached earlier in the month between the Prime Minister and the premiers of Saskatchewan and Alberta. This is an important point, and it is one which is made clear in the correspondence which was tabled in the House on Monday by the Prime Minister. Two points are crucial to the understanding of the substance and process of the unilateral breaking of this commitment by the federal government. First, in his two letters to premiers Blakeney and Lougheed dated March 12, the Prime Minister refers to the "one year accord" reached between him and the premiers. Second, in both these letters, in addition to the agreement on price—and contrary to what the Prime Minister said this afternoon, this was not simply an agreement on price—there was a specific commitment not to consider for equalization purposes oil revenue placed by the provinces in special capital funds to be used for the development of future energy sources. I quote from the Prime Minister's letter to Premier Blakeney, dated March 12:

> I understand that it is intended that the funds shall be used to develop sources of energy to replace the diminishing oil reserves. Under such circumstances we would propose that these capital amounts would not be included in the revenue base for equalization.

Nothing could be less unambiguous. The same commitment was made in the Prime Minister's letter to Premier Lougheed. In his reply on this point, Premier Blakeney concurred and requested an assurance that—and I quote—"this approach will not be abandoned to our detriment after the interim agreement expires." What Mr. Blakeney did not know was that the federal government would not wait until the one-year period of the agreement had expired before taking action. The budget presented by the Minister of Finance last week completely reneged on this commitment. The provision which stipulates that one-third of the additional oil revenues in the oil producing provinces would be considered for equalization purposes clearly revokes the commitment made by the Prime Minister last March. The Saskatchewan government has calculated that this will cost them about $40 million.

The New Democratic Party opposes, in the strongest possible terms, this course of events. We urge the government to live up to its commitments to the oil producing provinces by withdrawing the provision that one-third of the oil revenue be considered for equalization purposes. Further, and of equal importance, we urge that it live up to its obligations to all the provinces by withdrawing the provision for non-deductibility of provincial royalties for tax purposes as applied to corporations in the resource sector. Such steps are not only compatible with a strong and stable federal government, but under present circumstances they are essential to its realization.

Mr. Speaker: Order, please. It is my duty at this point, pursuant to the order made earlier this day, to interrupt the proceedings forthwith and put the question on the motion now before the House. Is it the pleasure of the House to adopt the said motion?

Mr. Knowles (Winnipeg North Centre): On division.

Mr. Baldwin: On division.

Motion (Mr. Turner, Ottawa-Carleton) agreed to.

THE ROYAL ASSENT

[*English*]

A message was delivered by the Gentleman Usher of the Black Rod, as follows:

> Mr. Speaker, the Deputy Administrator of the Government of Canada desires the immediate attendance of this honourable House in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the House went up to the Senate chamber.

● (1830)

And being returned:

Mr. Speaker informed the House that the Deputy Administrator of the Government of Canada had been pleased to give, in Her Majesty's name, the royal assent to the following bills:

Bill C-17, an act to amend the Army Benevolent Fund Act—Chapter No. 3.

Bill C-22, an act to amend the Canada Pension Plan—Chapter No. 4.

Bill S-4, an act to amend the Customs Act—Chapter No. 5.

Bill C-27, an act to amend the Customs Tariff—Chapter No. 6.

Bill S-7, an act to authorize federal trust companies and loan companies to increase the monetary limit of their borrowing power and to issue subordinated notes—Chapter No. 7.

Bill C-4, an act to amend the War Veterans Allowance Act and the Civilian War Pensions and Allowances Act—Chapter No. 8.

At 6.33 p.m. the House adjourned, without question put, pursuant to special order made this day.