down and negotiate and find common ground to resolve such differences. This augurs well for the future of federal-provincial relations.

At the time we signed the agreement with Alberta there was much discussion in our media about who had won and who had lost.

Mr. Waddell: Consumers lost.

Mr. MacLaren: I believe, as the Minister of Energy, Mines and Resources (Mr. Lalonde) said, that both the Government of Canada and the Government of Alberta won but, more importantly, the people of Canada won.

One characteristic of our position throughout the discussions with the provinces was that we were always willing to moderate our approaches, but we held fast to three basic principles underlying the National Energy Program: security of supply, a greater opportunity for Canadians to play a role in their own oil and gas industry, and a fair system for the sharing of petroleum revenue. Those principles emerged from the negotiations even stronger because they now have the clear support of both levels of government, including the support of governments which had opposed them in the past.

● (1600)

During the long committee hearings on Bill C-48, it was suggested by some members that the legislation was somehow an attempt to shift the attention of the petroleum industry away from Alberta to the frontier areas. Some members asserted that the government was attempting to try and push through legislation for the frontier lands while leaving major questions with the government of Alberta unresolved. As the agreement with Alberta proved, there was no validity to that charge.

Because of our agreement with Alberta, the prices of gasoline and home heating oil will rise, gradually and predictably, under a made-in-Canada formula which will ensure that Canadian prices are kept well below the world levels and yet will provide the government and industry with those revenues necessary to achieve oil self-sufficiency by 1990.

We have met our commitments to the Canadian consumer. Compared to the Conservative budget of 1979, by 1984 wellhead oil prices will be lower, natural gas prices will be lower and prices at the pump will be lower. By 1984 the Conservative budget price for a barrel of conventional oil would be almost 30 per cent above our settlement price with Alberta. Similarly, natural gas prices will be more than $3 lower per thousand cubic feet than under the Conservative budget.

Further, we achieved protection for Canadians against sudden OPEC price increases by setting a ceiling of 75 per cent of the projected international price. That is indeed a good deal for Canada. As I said, we have come a long way. However, there is still some way to go. Having completed our discussions with the provinces of western Canada, we are currently engaged with Newfoundland and Nova Scotia in seeking solutions to some differences that have existed between us with regard to our offshore resources. We are confident that the spirit of finding common ground that came to characterize the negotiations with Alberta and the other two western provinces will also be characteristic of the negotiations with Newfoundland and Nova Scotia. Certainly we for our part will do everything reasonable to ensure that this is so.

The agreement reached with the western provinces on pricing is important to petroleum development in the Atlantic offshore in that it creates a special price for what is now commonly called new oil. This price recognizes that new development, particularly oil sands and frontier projects, faces high costs. An extra incentive is needed to encourage the operators of these massive projects to commit themselves to the sizeable and innovative production and distribution systems that they will necessitate.

If offshore oil was ready now, it would be worth an estimated $46 a barrel. However, offshore oil will not begin production until 1986 or thereabouts, at which time such oil will fetch a higher price. "New oil" prices are higher than those offered for older, conventional oil, reflecting the reality that potential producers of new oil must see the prospect of an attractive return on their investment if they are to put up the dollars needed to bring these new supplies on stream.

The government has faced its responsibility to ensure that oil self-sufficiency is achieved in such a way that the benefits exceed the costs of this enormous undertaking. I refer to the costs and benefits in the broadest economic and social terms. In measuring them, the government had to take into account a truly national interest which is different from the interests represented by the other participants in the petroleum field. By definition, our task is more onerous and complex than that faced by the petroleum industry or any other industry, or by the oil producing provinces or any other provinces.

I should like briefly to recall for the House the situation that confronted the government when the National Energy Program was developed. We knew that higher Canadian oil prices were inevitable, largely as a result of external developments over which Canadians had no control. We saw the benefits of those increases going to an oil industry more than 70 per cent foreign-owned, an industry which had become a net exporter of capital in recent years. It was also an industry which, in spite of the spectacular oil price and cash flow increases of the 1970s, had been unable to sustain Canada's domestic oil production.

Conventional oil reserves have declined by more than one third during the past ten years. Geological prospects for new conventional oil discoveries in western Canada do not suggest any major change in that trend. On the contrary, conventional oil production in western Canada has been projected to decline in the 1980s even if oil exploration continued at a feverish pitch.

One can see why the government began to question the merits of immediately raising conventional oil prices toward world levels. The benefits in terms of additional conventional oil supplies would be relatively small for basic geological reasons. Further, the cost would be borne by Canadian con-