$75 million for the promotion of renewable energies and almost $300 million for energy research and development.

Both opposition parties are aware of the dangers of relying on foreign oil, but the previous government seemed to remain unaware of the dangers of relying on foreign-controlled oil companies. While many other nations moved to form state oil companies, the Conservative government tried to strip Petro-Canada of its assets or to abolish its leading role in our energy future. Public outcry, fortunately, forced them to reconsider their position. After all, without Petro-Canada all of the top ten oil and gas companies in Canada would be still foreign controlled today. Petro-Canada is the one exception.

Not only were the Conservatives moving in opposition to the practice of other countries, they were also incapable of learning from the provinces themselves. Several provinces, including Alberta, Ontario, Quebec and Saskatchewan—two of which have Conservative governments—have themselves established state corporations with a mandate in oil and gas to complement the developments of a yet more dynamic private sector. These governments are committed to using these provincially-owned corporations to shape their regional economic development.

The government is pursuing the same policy and applying it for the benefit of all Canadians. Until now Petro-Canada has been the major agent of Canadianization. Yet Petro-Canada earns only about 5 per cent of the total revenue from the production of petroleum in Canada. Even if this were to double or triple in time, it would still represent only a small share of the total Canadian petroleum market.

Accordingly, the national energy program provides special encouragement to private Canadian oil and gas companies. They are big enough to do the job. Canadian entrepreneurs are at least as bold as foreign managers. Canadian investors are as sophisticated as foreign investors. The public sector will in no way overwhelm the private sector. There will be no government monopoly. The old system of tax incentives, which will be phased out—a policy to which the previous government was also committed in the case of super-depletion—tended to favour big oil companies which are foreign controlled. The profits of Canadian companies have typically been smaller. Since the incentives of the past were in the form of write-offs against profits, the Canadian companies received less support and encouragement from their government than foreign companies.

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As a consequence, Canadian companies have frequently been outbid in certain essential aspects of the industry, such as land auctions, farm-ins, and takeovers. As the 1979 petroleum monitoring survey indicated, the petroleum industry in Canada spent still more of its dollars on activities and acquisitions outside the energy sector. This applies particularly to the big integrated companies which spent about 7 per cent of their capital investment on sectors unrelated to energy. This use of revenue contributes nothing to the development of Canada's energy potential. We are not responsible for providing foreign-controlled firms with the capital to acquire Canadian firms.

To what other purposes have foreign-controlled companies put Canadian tax dollars and the dollars of Canadian consumers? In the last four years alone, capital exports in the form of dividend and interest payments and the return of capital exceeded imports by $3.7 billion. It simply does not make sense for Canadians to accelerate the development of their own petroleum resources and at the same time see the bulk of the profits and many of the jobs and industrial benefits go to other countries.

That is why Canadianization of the petroleum industry is a fundamental part of our new energy program, a program not designed to drive out foreign investors but simply to make sure that Canadians control at least half of their own industry. We shall not be a resource colony for the United States, Europe, Japan or anybody else.

Some hon. Members: Hear, hear!

Mr. MacLaren: The new system of incentives and allowances outlined in the program will stimulate the petroleum industry to ensure that our target of energy independence by 1990 is fully met. These incentives are available to the industry, with special benefits for Canadian-owned and controlled companies. If foreign companies wish to increase opportunities for Canadians to participate in their particular activities, our government will certainly reward such efforts.

Both Canadian and foreign-controlled companies in the northern territories and offshore—on the so-called "Canada lands"—are eligible to receive depletion allowances at a rate of one-third of exploration expenses. This same rate also applies to all companies for non-conventional and tertiary oil projects and to crude oil upgraders. In addition to such measures, Canadian-controlled companies with at least half Canadian ownership will be eligible for grants which will cover 15 per cent of exploration costs on provincial lands and one-half on Canada lands. Companies with Canadian control and more than three-quarters Canadian ownership will be eligible for grants of 35 per cent on provincial lands and 80 per cent on Canada lands. For development costs, grants of 10 per cent and 20 per cent respectively will apply to Canadian companies for expenditures in non-conventional, tertiary and upgrading projects.

Let me pause for a moment to illustrate these incentives with an example. For one dollar spent, the net cost of exploration on provincial lands by Canadian-controlled companies with more than 75 per cent Canadian ownership would be only 31 cents—that is after tax and after incentive costs and assuming a 47 per cent tax rate. For an individual Canadian investor in the 40 per cent tax bracket, the cost would be 39 cents. The comparable figures for Canada lands would be only seven cents for a Canadian company and 12 cents for the individual.

The petroleum monitoring agency is about to release a paper defining Canadian ownership and control for discussion with