as set out in the Prince Albert statement of July, 1984. We promised at that time to replace the Petroleum Incentives Program with more efficient tax-based incentives which encourage Canadian companies to participate in oil and gas development. The Prince Albert statement enunciated the following principles: energy as an engine of economic growth, energy self-sufficiency, increased Canadian participation, fair treatment of consumers and producers, and co-operation between the federal and provincial Governments and industry.

The principles outlined in Prince Albert are evident in the new natural gas and frontier energy policies the Minister announced in this House last fall to great applause. Our new frontier energy policy creates an internationally competitive exploration and development regime. One element of that regime is the 25 per cent exploration tax credit I spoke of earlier, but the new policy is much more far-reaching. It corrects some of the National Energy Program's mistakes and allows us to build on our energy strengths. We will be replacing the National Energy Program's controversial Canada Oil and Gas Act with an entirely new piece of legislation, the Canada Petroleum Resources Act. Under the National Energy Program legislation, the Government was able to confiscate 25 per cent of successful drilling projects retroactively. That provision damaged Canada's investment climate and our international reputation.

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There will be no Crown share provision in the new Canada Petroleum Resources Act. The National Energy Program management regime was highly interventionist, placing greater reliance on bureaucratic processes than on market forces. Our legislation will emphasize market solutions.

We are ending the National Energy Program inflexible royalty regime and replacing it with one that is profit-sensitive and encourages investment. It will be modelled after the Alberta royalty regime that applies to oil sands and enhanced oil recovery projects. Royalties will be modest in the first few years but will rise as projects begin to earn reasonable profits. Royalties will be subject to further consultation and negotiation on a project-by-project basis.

The new system takes account of the role provincial governments play in royalties. In the Newfoundland offshore, for example, the provincial Government will set royalties as agreed in the Atlantic Accord.

The National Energy Program gave special treatment to Petro-Canada, even though it was competing against private firms that did not have the benefit of special favours. Under our legislation there will be no more special favours. Petro-Canada will compete in the market-place like other companies.

The National Energy Program gave the Minister broad discretion in using extraordinary powers to direct the industry in the frontiers. There was no way to appeal such decisions. Some of these powers are being eliminated. Others will be maintained but we will limit their extent and the way they are used. The National Energy Program required 50 per cent Canadian ownership of frontier production projects. We support that goal, but we oppose the tactics used to achieve it.

The National Energy Program gave the previous Government the power to expropriate holdings without compensation in order to raise ownership to 50 per cent. That provision was applied to projects that started before the requirement was implemented. We are keeping the 50 per cent requirement but it will not be applied retroactively. There will be no expropriation without compensation. Instead, the industry will be expected to develop its own solutions to achieve greater Canadian participation. The sale of assets to raise the Canadian ownership level will be used only as a last resort. In those cases, they will be sold at market value.

This approach is fair to all investors. However, it will still provide opportunities for increased Canadian ownership. It is important to note that Canadian ownership in the oil and gas industry rose to 47 per cent from 42 per cent in the last year. This represents more progress in one year than the previous three years under the National Energy Program. Our domestic ownership requirements have been accepted by industry. At our request, Mobil Canada has agreed to offer for sale sufficient portions of the Hibernia and Venture frontier projects to ensure that our 50 per cent ownership objectives can be met, even for these 1979 discoveries.

When the Minister introduced our new frontier energy policy in the House, she also announced that we have reached an agreement with the producing provinces on natural gas markets and pricing. The natural gas negotiations were difficult for governments and the industry but we succeeded in coming to an agreement that achieves a balance between the interests of consumers and producers. For consumers, the Toronto wholesale price is immediately frozen for the year. Their access to natural gas supplies at competitive market prices is immediately enhanced. There will be a one-year transition period in which we move away from a Government determined natural gas price to one created by negotiation between the buyers and the sellers. After November 1, 1986, all natural gas prices will be determined through these negotiations.

Consumers will not pay the toll increase of 11 cents a gigajoule recently granted TransCanada Pipelines. We have eliminated the Canadian ownership special charge which added to the price of natural gas. This should mean lower home-heating costs this winter. As a matter of fact, my last bill from the utility which services my home, Consumers Gas, contained a letter which announced a reduction on my bill. It is there for all to see, a lower price for me to heat my home this winter. The proof is in the pudding.

Producers gain greater access to the valuable export market under the new agreement. Exports already represent some $4 billion in sales annually. As much as a quarter of those revenues might have been lost if we had not changed the export rules. The Toronto wholesale price will no longer be used as a bench-mark for export prices. These will now be determined on the basis of a more equitable and more logical regional price test. The new test ensures that Canadian con-