

Senator Thériault concerning conversion grants for home heating.

As stated in the national energy program the federal government is anxious to make Canadians aware of alternative energy sources in light of our growing dependence on imported oil. To this end the government has developed a series of incentives and has introduced conversion grants to encourage Canadians to consider the high efficiency equipment already available and the improvements in equipment efficiency that are anticipated over the next year or two.

The dependence of the Atlantic provinces on imported oil for electrical generation, however, precludes financial assistance for conversions to electricity. Bilateral discussions will be held with each of the Atlantic provinces to determine at what point their oil use for electrical generation will be sufficiently small that financial assistance for conversion to electricity can be provided. In the meantime conversion to other energy sources such as wood will be considered for conversion grants.

#### THE BUDGET—POLICY RESPECTING CANADIAN OWNERSHIP OF OIL COMPANIES

**Hon. Royce Frith (Deputy Leader of the Government):** Honourable senators, I have a reply to a question asked by Senator Doody on November 6 concerning art acquisitions by Petro-Canada. The honourable senator asked if the minister would find out the rationale for the purchase by Petro-Canada of \$300,000 worth of paintings.

Honourable senators will realize that it is an accepted practice for companies, both large and small, to purchase art for their offices. In the case of Petro-Canada, I am informed that when the company was created it was able to borrow from a foundation's private collection. This collection has since become public and Petro-Canada has had to replace the borrowed pieces with its own acquisitions. This year, Petro-Canada has spent approximately \$150,000 on art work, not the \$300,000 quoted originally. An estimated 300 pieces have been acquired after careful selection. I might add that Petro-Canada has endeavoured to support living, Canadian artists. Special attention has been given to purchasing pieces that will appreciate in value.

#### HEALTH AND WELFARE

##### THE BUDGET—IMPACT ON LOW INCOME FAMILIES

**Hon. Royce Frith (Deputy Leader of the Government):** Honourable senators, on November 6 Senator Marshall referred to the analysis of the Canadian Council on Social Development and its projections of the effect the budget would have on low income families. He asked whether the minister had read the report and whether it had been discussed with the aim of reviewing the high cost of fuel to poor people.

The honourable senator may be aware that over the next several years, expenditures on social development and social support by the government will increase to \$33 billion. Each year will mark a substantial increase, in large part attributable to our policy of indexing benefits to all recipients in Canada.

[Senator Frith.]

**Senator Roblin:** They are going to end it.

**Senator Frith:** It should be noted that in the report certain tables concerning incomes of the working poor neglected to include benefits from family allowance or child tax credit, both of which are indexed. Had these been taken into account the report's findings would have been more optimistic.

I would also point out that with the pricing schedules for oil and gas included in this government's budget, the burden on the Canadian consumer up to 1984 is \$40 billion less than the budget of the former government.

**Senator Balfour:** Are you sure of that figure?

**Senator Frith:** I will make sure that I did not misquote it. I shall repeat that part of the reply:

—with the pricing schedules for oil and gas included in this government's budget, the burden on the Canadian consumer up to 1984 is \$40 billion less than the budget of the former government.

#### ENERGY

##### THE BUDGET—OIL EXPLORATION—PARTICIPATION OF PETRO-CANADA ON CROWN LANDS

**Hon. Royce Frith (Deputy Leader of the Government):** Honourable senators, I have a reply to a question asked by Senator Roblin on October 30 concerning the participation of Petro-Canada in oil exploration on Crown lands and what is called the 25 per cent back-into. The reply occupies about one and a half pages. So that honourable senators will understand the reply, the question was:

Petro-Canada . . . will have the right to back-into wells that are drilled on Crown lands in Canada to the extent of 25 per cent.

The honourable senator's question was whether the new rule would apply to all activity on Crown lands.

*(The answer is as follows:)*

To clarify for honourable senators the proposed 25 per cent Crown interest will be applicable to every right on Canada lands. It is planned that this interest will be exercised by Petro-Canada or some other designated crown corporation. The carried interest will be convertible to a working interest at any time prior to authorization of a production system for a particular field at which time the Crown agency would assume a 25 per cent share of all costs of the production system.

As to future exploration, it is not correct to describe it as a "carried interest" given that every explorer will qualify for a 25 per cent incentive payment from 1981 onwards. Because Petro-Canada will be paying its way as a full equity partner from the point at which the big investment on development and production facilities begins, the new regime will leave the private investor's return the same as if neither the 25 per cent options for Petro-Canada or the 25 per cent incentive payment applied. The 25 per cent interest for Petro-Canada repre-