

**Prime Minister Clark's statement to the House of Commons, reporting on the First Ministers' Meeting, follows:**

...Today's discussion centred on the proposals put forth by this Government to achieve our goal of making Canada self-sufficient in energy by 1990. Those proposals previously had been the subject of extensive consultation between Ottawa and the provinces, and I believe the positive tone of discussions today reflected the value of frank and extensive consultation in a federal system. Sir, that is a pattern we intend to continue.

I am pleased, for our country, to be able to report substantial agreement among First Ministers on the major outlines of a comprehensive energy policy for Canada. The First Ministers unanimously endorsed our central goal of energy self-sufficiency. We agreed it is dangerous to the economic future of our country to ignore a situation where so many Canadians, especially in Quebec and in Atlantic Canada, are dependent on unreliable foreign oil supplies.

**Price to be negotiated**

The important element of price remains to be negotiated. As I told the conference, that is, jurisdictionally, a decision for the producing provinces and the national government, but we wanted to take the pricing decision only after we had the opportunity to hear from other parts of Canada, and know how price increases would affect those regions. I was impressed by the realism of First Ministers in recognizing that, while price increases are never easy, the consequences of failing to act would be much more serious for Canada. They would expose us to supply interruptions which could devastate the economy of Canada and could leave Canada relying upon unstable foreign sources of oil — sources which simply cannot be counted on. Against that background we will be meeting representatives of the producing provinces this week to seek a pricing *régime* for oil and natural gas, designed to increase Canada's ability to supply our own oil and gas, to encourage conservation, and to encourage substitution of alternate fuels.

...We proposed a special tax on incremental oil company profits to help finance Canadian energy development. Officials of our Government will be consulting with provinces and the industry to design the most effective tax.

We proposed a Canadian energy bank to help Canadians invest in long term and essential Canadian energy projects. Several provinces, I am pleased to report, have agreed to take a look at contributing equity financing to that bank. The Federal Government itself expects to contribute about \$1.5 billion to equity, over the next four years, to help build Canada's energy potential.

Officials will also meet to identify conservation projects where work can begin immediately. I indicated our intention to propose a co-operative program to help individuals retrofit oil-burning furnaces. We would be prepared to contribute to an industrial energy conservation program in Atlantic Canada. Regarding home insulation, several provinces have indicated that local needs would be better served if the Canadian Home Insulation Program, CHIP, were under provincial control, and we are prepared to work out arrangements under which CHIP would be transferred, together with increased federal funding.

**New initiatives**

First Ministers strongly supported the need for new initiatives to encourage increased substitution of more plentiful energy sources for oil. Particular attention was given to the opportunity for expanded natural gas markets in Ontario, Quebec and perhaps the Maritime provinces, but there was also recognition of the other sources available in particular regions, for example, greater use of wood waste in British Columbia, increased coal production in Nova Scotia, further hydro development in Manitoba, Quebec and Newfoundland, and expanded development of renewable energy sources across the country. Officials of federal and provincial governments are beginning work immediately to identify areas where substitution can start in 1980.

We have also discussed with First Ministers means to help Canadians who will be least able to deal with price increases, and to deal with other specific problems. Those measures will be dealt with either in the federal budget, or in connection with the next First Ministers' conference which has been rescheduled for December 17 and 18. That change in date will allow officials to conclude the work flowing from today's conference, and will allow First Ministers to also deal with other matters....

In general, Mr. Lougheed said that if Alberta obtained what it considered a fair price for its oil, it would co-operate in accelerated oil-sands development and the substitution of abundant natural gas supplies for depleting oil. If prices for Alberta and Saskatchewan oil did not move closer to the world price to encourage further exploration for and development of energy resources, Canada could find itself importing 30 per cent of its oil by 1985, said Mr. Lougheed. Imports now account for about 16 per cent of domestic consumption.

**Oil company profits**

The Federal Government proposed an energy self-sufficiency tax which would

give companies 45 per cent of the first \$1-a-barrel increase, then tax away all but 5 per cent of any revenues caused by additional price increases. The money would be used for energy-related projects. Mr. Davis believed that company profits were already high enough to finance future exploration and development, while Mr. Lougheed would like companies to keep receiving 45 per cent of all oil revenues, provided they reinvested a large proportion searching for new energy supplies.

Saskatchewan Premier Allan Blakeney said that the multinational oil companies should not get any additional revenue from an increase in the old oil. Every additional cent paid by Canadians for old

oil beyond royalties and taxes, he said, should go towards developing new sources of energy owned by Canadians.

**Energy bank**

Mr. Clark proposed creation of an energy bank, financed by equity and loans provided by the Federal Government and the ten provincial governments. It would invest money in energy-related projects. Mr. Davis liked the general idea of an energy bank, provided that some of the producing provinces' oil and gas revenues were invested in the bank. Mr. Lougheed was non-committal about the idea of an energy bank, saying he wanted to study it further.

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