

Mr. CRERAR: It can be done only with the approval of treasury board, and treasury board does not give its approval very readily in these matters.

Mr. COLDWELL: But it is not under the control of this house once the item is passed. It is not like the regular estimates, in which the expenditure is definitely limited.

Mr. CRERAR: If we had \$500,000 for investigations or explorations for petroliferous deposits and did not spend that amount; then if under the next item, which deals with the search for strategic minerals, we wanted to spend more money, with the approval of treasury board we could transfer the balance from one vote to the other, but it has to be done with the approval of treasury board.

Mr. COLDWELL: That is different from our ordinary budget resolutions and estimates. However, I was going to ask the minister what were the results achieved by spending \$154,000 on this project. If we are to spend another \$145,000 this year I think we should know what results were obtained by the expenditure last year of \$154,000.

Mr. CRERAR: In the Wainwright park area, for instance, the investigations were very encouraging; so much so that presently the area is to be put up for competition for companies to go in and drill. Part of the structure is within the park and part is without the park, and we have arranged with the government of Alberta that the areas will be put up at the same time. All the data we have gathered in these surveys and explorations are available to any company that wants to go in and bid for these claims.

Mr. COLDWELL: Supposing a company goes in, drills wells and finds valuable deposits of oil. What do we get out of it?

Mr. CRERAR: In Alberta they will be subject to the royalties of that province.

Mr. COLDWELL: I was not thinking of Alberta. This is a dominion expenditure.

Mr. CRERAR: If they are discovered in the park they will be subject to any royalties we may impose.

Mr. COLDWELL: And as a rule what royalties do we impose?

Mr. CRERAR: We have never fixed royalties in the parks before, but I believe the royalties in Alberta are from five to fifteen per cent.

Mr. COLDWELL: But this is a dominion expenditure, and I am wondering what benefit accrues to the dominion by way of royalty as a result of this expenditure.

Mr. CRERAR: The only royalties we shall get will be those on any oil which may be

found in the park. Those royalties will be determined, probably, on the same basis as those of the province of Alberta.

Mr. COLDWELL: And will the province of Alberta collect royalties as well?

Mr. CRERAR: They will collect royalties in the area outside the park; that is their property.

Mr. COLDWELL: The minister said that the area would be put up for competition by the government, so that companies could compete for the opportunity of drilling. How is that done; is it advertised?

Mr. CRERAR: Yes, it is advertised.

Mr. COLDWELL: How does the competition work? If we get nothing but royalties and those royalties have not yet been determined, what competition is there?

Mr. CRERAR: A person or company applying for a licence will offer a bonus, and the competition really is on the bonus. No matter what company gets the privilege, it has to pay a royalty in addition to the bonus offered.

Mr. COLDWELL: I did not quite hear what the minister said.

Mr. CRERAR: We lay down certain regulations for drilling in particular areas. Certain royalties have to be paid. The areas are put up for competition and it may be that one, two, three, four or five companies will bid for the right to explore. The highest bidder gets the right to go in and do the drilling. If he finds oil he carries on in a commercial way and pays a royalty to the proper government authority.

Mr. COLDWELL: Then practically it means that this is a competition among certain companies; and the company that can offer to pay the highest bonus will get the right to drill. Is that the idea?

Mr. CRERAR: Yes.

Mr. COLDWELL: Naturally this squeezes out any small man who may want to go in and try to find oil.

Mr. CRERAR: I do not think either the hon. member for Rosetown-Biggarr or myself would have sufficient capital to go in and bid on one of these leases.

Mr. GRAYDON: Perhaps we could cease drilling operations now; it is eleven o'clock.

Mr. COLDWELL: Apparently there are certain limits to free enterprise.

Item stands.

Progress reported.

At eleven o'clock the house adjourned until Thursday at three o'clock p.m., pursuant to special order made Monday, February 21, 1944.