porters, and voicing the view of Liberals from Alberta, if I correctly understand the situation, spoke strongly against the bill.

Probably the strongest ground of all is that before the bill can become a statute it has to receive the royal assent. There are processes therefore which must be gone through before that time arrives, and it seems to me very improbable indeed that the time will be sufficient for the enactment of those other processes. I suggest the Prime Minister would be well advised in withdrawing the bill, and not proceeding with it.

Mr. CRERAR: The acting leader of the opposition has put forth a strong plea. Let me say at once that personally I should have liked to see the bill considered by the committee long before this. However, whatever the fate of it may be this evening, there are a few observations I should like to make.

When the bill was last before committee, about the end of May, a point was raised by the leader of the opposition, by the hon. member for Saskatoon City and the hon. member for Calgary West that this legislation would interfere with the rights of certain companies in Alberta. I stated at that time, and I wish to restate now, that a considerable majority of the oil companies operating in Alberta reached an agreement with the government at Edmonton, and as a result of the understanding reached between the oil companies and the government, this amendment to the Alberta Natural Resources Act was introduced. When the matter was before the committee at the end of May the leader of the opposition (Mr. Hanson) suggested that I should get the opinion of the law officers of the crown on certain points. The hon. member for Calgary West (Mr. Edwards) cited two cases which he claimed showed clearly that the bill was seeking to give the Alberta government powers that it did not possess under the existing agreement. As a result of the request of the leader of the opposition I had my deputy minister address the following letter to the deputy minister of justice:

Dear Mr. Varcoe:

Re—"An Act to amend the Alberta Natural Resources Acts".

When Bill No. 18 was considered in committee of the house on Wednesday last certain questions of law were raised by the members taking part in the debate. Please see the discussion in *Hansard* commencing at page 3063. The following among other questions were raised:

Mr. Bence (page 3075) inquired if the opinion of your officers had been obtained as to the reason for the incorporation of section 2 in the Alberta natural resources transfer agreement and whether it was put in for the purpose of protecting the dominion against possible actions for damages.

[Mr. Stirling.]

Mr. Hanson (page 3076) asked if the law officers of the crown were consulted as to the legal effect of the bill.

Mr. Edwards (pages 3078-9) referred to the case of Anthony vs. the attorney general of Alberta, 1942 (1 W.W.R. page 833), and the Spooner Oils Limited vs. Turner Valley Gas Conservation Board, 1933 (SCR 629). He expressed the view that in the light of the reasoning in these cases there was very grave doubt as to whether even the federal government could alter the terms of the leases.

Mr. Hanson (page 3079) stated that there was no doubt from the language of the chief justice in the Spooner case that there is a contractual arrangement which cannot be altered and that what the bill was trying to do was to violate a legal decision. He further stated as follows (page 3083):

"If the law officers of the crown say that the decisions are wholly inapplicable, then of course the minister is on pretty sound ground with regard to his second major premise, that they had the right to vary the terms if the transfer had not been made. I do not think that is true, and I listened very attentively to that decision. If the minister finds that the law officers of the crown say that the decisions are applicable, then certainly he should review the whole position and tell the province of Alberta that since we negotiated, the courts have passed on this very question."

Early in the discussion the minister made the following statement (page 3070):

"There is no question whatever that had these resources remained with the federal government under dominion administration the dominion had the right to vary the terms of royalty. That is not disputed."

It is now desirable that you should express your views on these questions and particularly whether the two decisions of the courts referred to are applicable and have the legal effect attributed to them. For your information I am enclosing a copy of the form of lease and also a book containing the various dominion regulations and orders in council. Your attention is particularly drawn to paragraphs 38 and 39 of the lease form which deal with the payment of royalties.

That letter was dated May 29, a few days after the discussion took place in the committee. Under date of June 9, 1942, Mr. Varcoe, the deputy minister of justice, replied as follows:

Dear Mr. Camsell:

I beg to reply to your letter of the 29th ultimo with reference to the proposals contained in Bill 18 to amend the Alberta natural resources transfer agreement.

Paragraph two of the amending agreement will affect royalties payable under leases of petroleum or natural gas rights granted by the dominion prior to October 1, 1930, but only, as I understand it, in the case of wells developed after the 31st day of May, 1941.

I might interject here to say that the provision in the agreement is that all wells that were in operation before May 31, 1941, continue under the 10 per cent royalty. Mr. Varcoe's letter continues: