policies of the Canadian government, particularly in the field of petroleum resources. The report likens the oil and gas regulations to Canadian colonialism, and calls the regulations a resource giveaway unparalleled in any country in modern times. It points out that these giveaway regulations have sparked a powerful thrust into oil exploration and development in Canada, and brought into sharp and urgent focus a number of major national problems which require immediate attention and early solution. These problems include the environmental issues, the claims of native people, the questions about transportation systems and the implications that large-scale energy exports may hold for industrial strategy.

These oil and gas regulations govern petroleum exploration and production in all parts of Canada under federal jurisdiction. This includes the area of 60 degrees latitude and also the east and west coast offshore regions, including Hudson Bay. They include a permit lease system which allows the leasing company to hold vast areas into the next century at little cost, even without discovery of oil or gas, unless changes are now made in the regulations. It must be obvious what regulations of this type could do to the proper planning for national use of the energy resources that exist in our northern areas.

Perhaps the most glaring aspect of this giveaway policy in the north shows up in the royalty rates which the regulations have established for the federal areas. For the first three years there is a 5 per cent royalty rate which is unprecedented anywhere in the world. After the three year period, the royalty is increased to 10 per cent. Let us compare this maximum 10 per cent rate with the 16 ⅔ per cent charged in the United States offshore areas, a 20 per cent effective rate in Alaska, which is just as far north as northern Canada, and with the average 22 per cent in the province of Alberta.

The loss of revenue to the federal government from these extremely low royalty rates would be fantastically large if oil and gas finds in the north warranted the construction of a gas or oil pipeline. The paper by Professor Thompson gives two excellent examples of the revenue loss which could accrue to Canadians if these ridiculous royalty rates are allowed to stand. The first example is a gas pipeline from the Mackenzie Delta to southern Canada and the United States market with a throughput of 4.5 billion cubic feet of gas per day. It is presumed that this gas would be obtained in equal proportions from the Alaska north slope and from the Mackenzie Delta.

The price used was a wellhead value figure of 30 cents per thousand cubic feet in both places. The royalties payable to the Canadian government during the first three years of production would be approximately $36 million as compared with $144 million payable to the State of Alaska. After three years, the Canadian government would receive $24 million per year and the State of Alaska $48 million per year. Over a ten year period Canadian gas revenues would be $276 million less than those received by the State of Alaska.

From the example I have quoted one can see that weather conditions, drilling conditions, etc. are comparable, but the distance the gas must go from Alaska to United States markets is almost twice as far. Does it not seem rather foolish that a multinational oil corporation which controls a gas well in the Prudhoe Bay area and controls a similar gas field in the Mackenzie Delta area would be willing to pay $276 million more to the State of Alaska for the same amount of gas over a 10-year period than to Canada? This is just a sample of the colonial thinking of our federal government which has dared to set these unprecedented giveaway royalty rates for our non-renewable resources. In addition, all exploratory costs are deductible from income regardless of the cost.

The second example is an oil pipeline from the Mackenzie Delta to the same markets with a capacity of 1.5 million barrels per day. A wellhead value for the oil of $2 per barrel has been assumed, although it would be much higher at present day prices, and this would reflect much higher figures. Royalties payable to the Canadian government during the first three years of production would be $157.5 million. The same oil produced in northern Alberta would generate royalties of $787.5 million for the provincial government at a 25 per cent rate. After the first three years, the federal government would collect $105 million per year as compared with $262.5 million for the Alberta government. The 10-year difference in oil revenues would be $1,732,500,000 in favour of Alberta. This does not mean that Alberta is presently levying adequate royalty rates to return to the people of that province the just return they should receive from this valuable non-renewable resource. These figures show the callous disregard of the old line parties toward our national resources.

These figures indicate the need for Canadians to rethink the position of our country in relation to the whole field of energy and, in particular, to those oil and gas resources which come under federal jurisdiction. The potential of vast quantities of natural gas in the north alone would indicate that they should be brought under public ownership, planned and utilized to serve the long-term energy needs of Canada.

There are many other aspects of foreign control which have been touched upon by other members of our group, so I will not deal with them again. In closing, however, I would point out that we are in an emergency energy situation at the present time. It has not been brought about by the recent war in the Middle East. This merely brought it to a head a few months sooner than would otherwise have been the case. There is no national energy policy in Canada today because governments of the past have been afraid to formulate those policies. The trend of both Liberals and Tories over the years has been to gradually integrate the energy resources of this country with those of the United States. This integration is already well advanced. Even today we see recommendations before the National Energy Board for the province of Ontario to make a sharp increase in the export of their hydro electric power to that country. Once this power is exported and becomes integrated into the industrial complex of the United States, it will be almost impossible to stop future exports, no matter how adversely this might affect our economy.

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Long-term commitment of our energy resources can seriously affect the future industrial development of Canada. This Parliament and this nation should first establish basic long-range planning for a national energy