Canada Weekly

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Ottawa, Canada.

Canada aims at self-sufficiency in oil by the end of the decade

The object of a new national petroleum policy announced by Prime Minister Trudeau to the House of Commons on December 6 was Canadian self-sufficiency in oil and oil products "to be reached before the end of this decade".

Two of the main proposals in Mr. Trudeau's 45-minute statement was the establishment of a national petroleum company to expedite exploration and development of Canada's oil and gas resources, and the extension of the pipeline to carry Western crude oil to Montreal.

Canada also wished to maintain, he said, "a reliable capacity for some continuing export of oil to the United States".

Excerpts from the Prime Minister's remarks follow:

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My immediate task is to place before the House proposals which will set the basis for a new national oil policy. The objective of that policy, to be reached before the end of this decade, is Canadian self-sufficiency in oil and oil products. During the intervening period, we must create in Canada the physical capacity necessary to give us security of supply, and protection against the type of emergency now threatening us. In moving towards its objective, the Government will also wish to maintain a reliable capacity for some continuing export of oil to the United States and a market in Canada for reliable foreign suppliers of oil to us.

The new policy will abolish the "Ottawa Valley Line". The Canadian market for oil will no longer be divided in two, one for domestically-produced oil and another for imported oil. It will thus be a "one-Canada", not a "two-Canada" oil policy. The Western provinces will have a guaranteed outlet for increased production; and the Eastern provinces will be guaranteed security of supply.

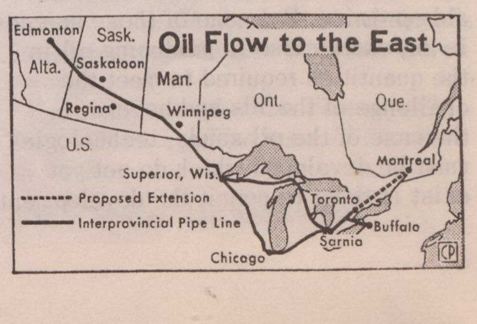
Requirements of new policy

The creation of a national market for Canadian oil is one essential requirement of a new policy. Others are, first, a pricing mechanism which will provide sufficient incentives for the development of our oil resources; second, measures to ensure that any escalation in returns and revenues as a result of any higher prices will be used in a manner conducive to security and self-sufficiency; third, the establishment of a publicly-owned Canadian petroleum company principally to expedite exploration and development; fourth, the early completion of a pipeline of adequate capacity to serve Montreal and as required, more eastern points; and fifth, intensification of research on oil-sands technology to permit their full and rapid development.

I intend placing these proposals before the meeting of first ministers of the federal and provincial governments. I am suggesting to the premiers that the conference should be held on January 22 and 23 – immediately before the meeting of finance ministers now planned for January 24 and 25. In the meantime, I have asked the Minister of Energy, Mines and Resources to consult with all provinces in preparation for the conference.

Urgency of pipeline

The construction of a pipeline to Montreal, which the Government announced some time ago, is the single most urgent step towards the attainment of our national goals. Without a pipeline, Eastern Canada will never be certain that it can meet its require-



ments should overseas supply be interrupted. Moreover, without a pipeline the Government is unable to guarantee a market in Canada for Canadian oil at a level sufficient to ensure the development of the oil sands and other Canadian sources of supply. The Federal Government is taking all necessary measures to ensure that construction begins at the earliest possible moment in 1974....

A second requirement for self-sufficiency is a rapid and significant increase in oil production in Canada. In 1972, Canada produced 1.7 million barrels of crude oil per day and consumed 1.55 million barrels. We exported 950,000 barrels and we imported 777,000 barrels. We were, in a mathematical sense, self-sufficient. We will continue to have the necessary conventional reserves for some time, but not for long. The reserves from conventional sources – mostly from the oil fields of Alberta – are known and no major new discoveries can be hoped for at present. Production from these existing reserves is expected to decline towards the end of this decade and will then be insufficient to meet current and projected rates of consumption.

Canada must therefore move, and move immediately, to develop its frontier and non-conventional sources of supply so as to be able to reach a situation that will permit self-sufficiency. We do not want to cut off our exports and we do not want to reduce imports from reliable suppliers. However, we do want, and we do intend to put ourselves in a position where, in case of need, we do not have to depend on imports with all the risks we now know that dependence entails.

Alberta oil sands

Canada is rich in oil. The Alberta oil sands alone are estimated to contain over 500 billion barrels of oil – as much as or more than the presently estimated reserves of the Middle East. Exploration activity in the Arctic and off the Atlantic coast show considerable promise. But none of these sources is anywhere close to producing oil in the quantities required to meet the challenge of the 70s and beyond. In the case of the oil sands, technologies must be developed which do not yet exist in order to permit the development of 85 per cent of the sands which are deeply buried. The development of the oil sands and other frontier resources will require a major effort in which all Canadians must, directly or indirectly, join and participate.

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Highlights of national energy statement

The Canadian Press listed as follows the highlights of Prime Minister Trudeau's December 6 statement on energy to the House of Commons:

Five-month voluntary price freeze on domestic oil and its products to be extended until at least the end of the winter from original January 31 expiry date.

Legislation establishing a national petroleum corporation to be introduced at next session of Parliament, possibly in January.

Roughly $40 million to be spent by the corporation to develop, in conjunction with Alberta during the next five years, technology to extract oil from the Alberta oil sands.

Extension of Western oil pipeline to Montreal as soon as possible to help achieve self-sufficiency in oil by the end of the decade.

Oil export tax to be replaced after February 1 with another charge equal to the difference between the domestic and export price.

Federal-provincial first ministers' conference to discuss the new proposals to be held January 22-23, if provinces agree.

Exports of some petroleum to the United States and imports from other countries to be continued "for some years yet".

Construction of a natural gas pipeline up the Mackenzie Valley deemed desirable.

Capital costs of new nuclear generating reactors to be shared with provinces.

Price freeze retained

...On September 4, I announced that the Government had requested the oil companies not to raise the price of domestically produced oil during the period ending January 31, 1974, and that the companies had voluntarily agreed to this request. The outbreak of hostilities in the Middle East has resulted in a sudden rise in the price of international oil to a level which few if any expected at the time of my statement on September 4. In recent weeks there have been some discussions with the Province of Alberta and with representatives of some of the companies about the timing and the extent of any price changes. Not unexpectedly, both are anxious to see such changes begin as soon as possible. After careful consideration, the Federal Government has come to the conclusion that there is neither need nor justification for changes in the price of domestic oil during the present heating season. We will, therefore, undertake new discussions with the Government of Alberta and with the oil companies to secure their agreement to maintain the prices of domestically produced oil at their current level at least until the end of this winter....

* * * *

The Federal Government will continue to levy a tax or, after February 1, a charge equal to the difference between our domestic price and the export price as determined by the National Energy Board....

* * * *

So far as any future change in domestic prices is concerned, I want to make clear that the Government feels that there will be a national interest to be considered and protected. We will not be prepared to acquiesce in any situation in which windfall profits accrue to private corporations simply because of unusual and unpredictable circumstances of shortage created by major world producers for political and economic reasons of their own. Nor do we feel that it would be fair or just to have any windfall financial benefits accrue only to the producing provinces, leaving all the rest of the people of Canada with nothing but the burdens.

* * * *

National petroleum company

One of the instruments of the new national oil policy is a national petroleum company. A bill will be introduced at the next session of Parliament to establish such a company and at that time the Minister of Energy, Mines and Resources will present full details to the House. The new company will

(Continued on P. 5)

CF-104 Starfighter *over Hohenzollern Castle, Germany.*

Canadian Armed Forces photos

Pilot training program expanded

Defence Minister James Richardson has announced that pilot training in the Canadian Forces is to be increased and changed next year to accommodate new requirements in the armed services.

The plan is to turn out more pilots at a lower individual cost by directing student pilots into specialized fields at an earlier stage.

Under the revised program, the CF-5 aircraft will replace the aging T-33 advanced trainer, and more use will be made of the basic jet trainer, the Canadair CL-41 *Tutor.*

The Forces, which need about 2,000 pilots to carry out their various roles, currently train about 130 pilots a year. Under the new program this will be increased to 200.

Forces pilots are employed in three categories – 39 per cent as combat jet pilots; 25 per cent on multi-engine transport aircraft and 36 per cent as helicopter pilots.

Reduction of expenditures

Current cost of training a CF-104 pilot is $296,000, which will be reduced by $13,000. CF-101 pilots now trained at a cost of $315,000, will be trained under the new system at a savings of $132,000 for each pilot. There is no saving in the cost of training a CF-5 pilot. However, $147,000 will be cut from the cost of training a multi-engine transport pilot, now estimated at $282,000. The biggest saving, $162,500, will be realized in the training of helicopter pilots. The present figure of $351,500 each will be reduced to $189,000.

CF-101 Voodoo.

The new system calls for pilot selection and primary training to continue on the *Musketeer,* a single engine, low-wing monoplane, at Canadian Forces Base Portage la Prairie, Manitoba.

The undergraduate pilots then go to CFB Moose Jaw for training on *Tutors,* after which they are awarded their wings.

The T-33 *Silver Star,* which has been in service for 22 years as an advanced flying trainer, will now be taken out of service.

Under the new plan the Forces will use 95 *Tutors,* an increase of 25, and 26 CF-5s.

Basic trainer, the Musketeer.

Student summer program in Germany

Students enrolled in the German Department, Carleton University, Ottawa, again have an opportunity next summer of taking charter flights to Frankfurt, of attending courses in West Germany free of charge, or of working for the summer in jobs found with the help of a government agency there. The cost of the round trip Toronto-Frankfurt-Toronto has been reduced to $100.

The program is co-sponsored by the German Academic Exchange Service and the Canadian-German Academic Exchange Association. The latter, a voluntary Canadian organization, was begun about ten years ago with the aim of making available a summer in Germany to as many Canadian students of German as possible. In the past decade some 2,000 Canadian students, roughly 50 of them from Carleton, have spent a summer in Germany with the help of the association.

Light opera at Stratford

Stratford Festival will stage the comic opera *La vie parisienne* this summer.

Opening June 27 in the Avon Theatre, Offenbach's portrayal of Paris in the 1880s will be directed by Jean Gascon, with costume design by François Barbeau and sets by Robert Prévost. Stratford's recently appointed music director Raffi Armenian will be in charge of music and orchestra. A new translation into English, will be adapted for the stage by Canadian playwright Jeremy Gibson, whose recent Festival work includes textual editing on *Pericles* last season and *Lorenzaccio* in 1972.

Described as a composer gifted with "verve, spontaneity, wit and ready flow of lovable melodies", Offenbach concocted light, musical confections that continue to delight today's audiences. *La vie parisienne* combines farce – with its mistaken identities, disguises and hectic pacing – with spectacle and beautiful music. The result is an excursion into an improbable, lighthearted world where bored, rich *bourgeois* arrange gala balls and banquets at the drop of a fan to deceive gullible husbands and win the favours of lovely ladies. It is light opera at its most joyful.

The Stratford production, whose cast has not yet been announced, will play through the summer, closing on August 31.

Passengers to pay airport charge

Transport Minister Jean Marchand has announced that air passengers enplaning in Canada will pay an airport charge of $2.80 beginning January 1 or as soon as administrative details can be worked out. Only one charge will be made regardless of how many planes a passenger embarks on in the course of a continuous one-way trip.

The decision to levy the charge was arrived at following studies into means to offset the increasing cost of providing airport and air-terminal facilities required to keep pace with the expanding requirements for aviation facilities.

The practice of levying charges to recover the costs of air transportation is already in use in over 100 countries including the United States, France, Israel, Japan, Brazil and Italy. In the United States there is a tax on air transportation levied at the rate of 8 per cent for all domestic air travel, and an individual head charge of $3 for each person travelling overseas from points in the U.S.

Out of the total Canadian charge, $2.50 is in lieu of the more expensive air transportation tax passed by Parliament in 1969 but not yet proclaimed by the Government. This tax would have been levied at the rate of 5 per cent of the air fare plus a departure charge on international flights of between $2 and $5. The remaining 30 cents of the new airport charge will be used to offset the costs of security measures incurred by the Ministry of Transport.

Mr. Marchand said that it was not realistic to expect the majority of the public who travelled rarely by air, or did not travel by that means at all, to subsidize those who did.

The present cost of operating airport facilities in Canada amounts to some $150 million annually, while revenues total only $70 million. The airport charge is expected to reduce this deficit by some $30 million.

Federal clerks' collective agreement

Treasury Board negotiators signed on December 6 a memorandum of settlement with the Public Service Alliance of Canada on the proposed terms of a new collective agreement covering some 40,000 Federal Government clerks (called the Clerical and Regulatory Group).

It is expected that the proposed agreement will be ratified by the members involved, who are employed in all federal departments and agencies.

The main terms of the agreement include an increase in rates of pay averaging 8.5 per cent retroactive to July 30, 1973. Increases of 9 per cent for employees at the level CR 1, 8.5 per cent for levels CR 2 to CR 5, and 8 per cent for levels CR 6 and CR 7 are included. All employees in the group will receive a further increase of 7.5 per cent on September 30, 1974. The agreement would cover a 27½-month period from July 30, 1973, to November 16, 1975. There would be no change in the present 37½-hour work week.

The most populous level in the group is CR 3 with a maximum annual rate of pay prior to negotiations of $7,372. The new maximum for this level, effective July 30, 1973, would be $7,999, and this would be increased on September 30, 1974, to $8,599.

Churchill River impact study

Federal-provincial agreement has been reached on financial sharing for the $2.5 million Churchill River Environmental Impact Study, which will cover a 15,000-square-mile area in northeastern Saskatchewan and a section of the Churchill River downstream to Southern Indian Lake.

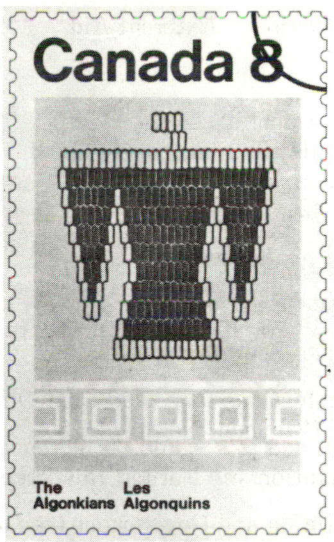
The Federal Government will pay 50 per cent ($1.25 million) of the cost, Saskatchewan 43 per cent ($1.075 million) and Manitoba 7 per cent ($175,000).

Until the study is completed in 1975, over $170 million in proposed hydroelectric dam development in Saskatchewan and additional amounts for possible park developments are to be held in abeyance. Results will assist the Saskatchewan government in deciding whether or not to proceed with development proposals.

Algonkian Indian stamps

Two colourful 8-cent stamps, honouring the Algonkian Indians, were issued by the Canada Post Office on November 28, completing a set of four on the Algonkian Indians, the first of which was issued last February. They are part of a continuing series begun in 1972 on Canadian Indian cultures.

The red and black representation of the thunderbird – one of the most powerful of Algonkian spirits, which is depicted on one of the stamps, was created by Georges Beaupré of Montreal. The turquoise and brown design, illustrating Algonkian costume was painted by Lewis Parker of Toronto.



History of Algonkian Indians

Algonkian is a family of related languages spoken over a wide area of Canada. When Europeans first arrived on the shores of North America, Algonkian-speaking people occupied the whole of Nova Scotia, New Brunswick and Prince Edward Island, most of Quebec, northern Ontario and parts of the Prairies. The Algonkian tribes populating these great eastern woodlands were the Ojibwa, Cree, Algonquin, Montagnais, Micmac and Malecite.

All Algonkian Indians wore clothing made of hides and furs. The men dressed in leggings, garters, breachclout, belt, shirt and some form of headgear. Women wore leggings and wraparound skirts. Fur robes and soft-soled moccasins were common to both sexes. Shirts and leggings were usually made of deer skins. A woven cloth was made

from bison hair and was sometimes dyed black, yellow or deep red. Before the arrival of the white man, clothing was decorated with painted designs, dyed porcupine quills or moose hair embroidery.

The Indians believed that spiritual power existed in the sun, fire, the sea, the cardinal points of the compass, rocks, plants and animals; so the spirits were numerous. The thunderbird and the bear spirit were two of the most powerful.

Hockey news at December 17

National Hockey League

Results December 11
Montreal 2, Vancouver 2
St. Louis 7, Toronto 3
NY Islanders 6, California 3
Minnesota 6, Los Angeles 3

Results December 12
Buffalo 1, NY Rangers 1
Pittsburgh 9, California 1
Philadelphia 2, Chicago 2

Results December 13
Toronto 6, Atlanta 1
Boston 4, Minnesota 2
Detroit 7, St. Louis 3
Los Angeles 3, NY Islanders 2

Results December 14
Montreal 2, California 2

Results December 15
Montreal 6, Los Angeles 2
NY Rangers 2, Toronto 2
Chicago 3, NY Islanders 3
Boston 7, Vancouver 2
Detroit 2, Pittsburgh 0
Minnesota 4, Buffalo 3
Atlanta 3, Philadelphia 2

Results December 16
Chicago 6, NY Rangers 1
Philadelphia 4, NY Islanders 0
Boston 5, California 3
Detroit 7, Vancouver 5
St. Louis 5, Buffalo 2
Pittsburgh 2, Atlanta 1

World Hockey Association

Results December 11
Minnesota 5, Chicago 3

Results December 12
Los Angeles 7, Edmonton 2
Houston 3, Winnipeg 2
New England 8, Toronto 6
New Jersey 4, Cleveland 2
Vancouver 2, Quebec 1

Results December 13
Toronto 3, Cleveland 1

Results December 14
Houston 5, Minnesota 2
New England 3, New Jersey 1
Quebec 4, Edmonton 3
Winnipeg 1, Los Angeles 0

Results December 15
Vancouver 6, Los Angeles 4
Cleveland 4, Toronto 3
Chicago 5, Houston 2

Results December 16
Minnesota 3, Winnipeg 2
Cleveland 2, Houston 2
Los Angeles 5, Vancouver 3
Quebec 4, Toronto 3
Edmonton 7, New Jersey 6
Chicago 3, New England 2

Self-sufficiency in oil *(Contd from P. 2)*

serve several purposes. It will undertake exploration for conventional oil and gas in the provinces as well as in areas under the control of the Federal Government, namely, in the Yukon and Northwest Territories and the Atlantic and Pacific offshore coastal areas. It will assist and participate in the research and development work necessary to develop an "in situ" technology for the production of the vast amounts of oil from the oil sands which cannot be extracted by presently known methods. To this particular end, it will invest approximately $40 million over the next five years in co-operation with the Province of Alberta and private firms....

The national petroleum company will add significantly to the industry's total capacity to identify and bring into production Canada's oil and gas resources. It is not, however, intended in any way to displace the private sector. Nor is it intended to discourage investment by foreign companies.

* * * *

Other sources of energy

Canadian natural gas is already supplying a substantial portion of our energy needs and some of those of the United States. Enormous quantities of gas are available to be transported from the Far North. A major development is the proposed gas pipeline up the Mackenzie Valley to move Alaskan gas to United States markets and at the same time, to make it possible to move Canadian northern gas to Canadian markets. While this project must, of course, be submitted to the usual regulatory proceedings and cannot go ahead until it has been approved by responsible Canadian authorities, the Government believes that it would be in the public interest to facilitate early construction by any means which do not require the lowering of environmental standards or the neglect of Indian rights and interests.

At this point, I might just say that I can see no reason why Canada could not give suitable undertakings as to the movement, without any discriminatory impediment, of Alaskan gas through a pipeline across Canada to United States markets, provided all public interest and regulatory conditions are met in the building and operation of the pipeline. An undertaking of this sort would of course be reciprocal, with the same assurance being given to Canada regarding our oil and gas shipments through the United States.

The development of nuclear power in Canada presents a third major potential source of energy which can be of considerable assistance in achieving the goal of security and self-sufficiency in oil. The success of the Ontario Hydro reactor at Pickering has shown beyond a doubt the soundness and viability of Canadian atomic energy technology. Ontario and Quebec already have nuclear reactors, and more are being or will be built in those provinces. In order to reduce the present and future dependence of other provinces on oil for electric energy, the Government will enter into discussions with any of them that may be interested for assistance in financing the construction of the initial nuclear generating station in each province.

* * * *

The Government has had discussions in recent months with the Government of New Brunswick concerning the construction of a nuclear reactor in that province under the new policy to which I have referred. The Federal Government has offered to help finance 50 per cent of capital cost of a new 600-megawatt nuclear power station, both to meet growth of demand in New Brunswick and, by inter-connection with Quebec and Nova Scotia, to tie more closely the regional power system in Eastern Canada.

Exports to the U.S.

Before ending my remarks, I should like to re-assure the Government and people of the United States that, while we must move toward security of supply and a capacity for self-sufficiency, we will not do so in a manner which is destructive of the beneficial ties that have developed between our two countries. Obviously, the first duty of any Canadian Government must be toward its own people. But we will wish to consult with the United States and we will plan the development of our oil resources in such a way as to continue to export for some years yet. We probably will also continue to meet part of our total requirements through imports for at least some period even after the pipeline to Montreal is completed.

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