

LEGISLATIVE ASSEMBLY OF ALBERTA

Monday Evening, October 15, 1973

[Mr. Deputy Speaker took the Chair at 8:00 o'clock.]

ORDERS OF THE DAY

GOVERNMENT MOTIONS

2. The hon. Premier proposed the following motion to the Assembly, seconded by Dr. Backus:

Be it resolved that, the hon. Premier report to the Assembly respecting the operations of government during the period of the adjournment of the Assembly to the 10th day of October, 1973, and that said report be received and concurred in.

MR. CLARK:

Mr. Speaker, in rising to lead off the debate in this area from this side of the House, I would be remiss at the outset, Mr. Speaker, if I didn't pay credit and tribute to my predecessor, the Member for Wetaskiwin-Leduc. I am sure that regardless of where members are seated in this Assembly, they couldn't help but be impressed with the dedication of the straightforward, very genuine approach in the interest of Albertans that he exhibited when he sat in the middle of the front row on this particular side of the House.

Mr. Speaker, in dealing with the remarks made by the hon. the Premier last Wednesday and giving the matter considerable thought since that period of time, I would want to make two, shall I say, somewhat off-the-cuff observations to the members of the Assembly at this time.

I don't plan to go through the public accounts for the entire last seven or eight years, but I would suggest to the Minister of Public Works that he elevate these desks somewhat in the time that lies ahead.

On the other hand, might I say that I do plan to talk in terms of what we consider, on this side, some new direction, some new initiative that we think appropriate for the Government of the Province of Alberta and, in fact, this Legislature give serious consideration to at this particular time.

The Premier, in the course of reviewing the last number of months, reminded me somewhat of taking an airplane ride across the length and breadth of the province. I suppose that no one could disagree that it hasn't really been an eventful summer.

On the one hand we can look back at the public hearings that were held before the Legislature, the many government policy meetings, the thorough debate right here in the Assembly itself, and then a great deal more public discussion.

Then the government finally established its situation on the oil royalty scheme. On July 31 of this year the industry had an opportunity on the one hand to decide whether they would go the mineral tax route or go the revised royalty route. Then, in fact, the industry was ready, after an unsettled year, to become involved in planning for the next five years. How that's changed during the period of five months.

On the other hand, after a minor technical delay, the long-awaited announcement with regard to the second tar sands plant was made and we got the usual government-promoted expensive television program. I think it was well known to many Albertans that in fact this project has been in planning for all

these many years. It seems to me that this is the fourth or fifth time that there has been an announcement about Syncrude going ahead. I'll have some more comments on that later.

But before I leave that point, Mr. Speaker, let me make the point that the Syncrude tar sands development is important for Alberta's economic growth and future development. That growth and that development must be translated into secondary industry, into support services. The job potential for this project is greater than for any other anticipated project. The project's go-ahead announcement, with the usual conditions, was certainly exciting and important news as far as Albertans were concerned.

Suppose that we look back over the last five months, too, Mr. Speaker, we can't help but remember the Western Economic Opportunities Conference. This was really going to be the occasion when relations between the federal government and western Canada were going to be cemented once and for all. The legitimate grievances which western Canadians have had for many years were going to be dealt with in a forthright, straightforward manner. I think many people went to that conference with high expectations and came away with a variety of decreased expectations, to say the least.

I suppose we could say as far as that conference was concerned - I'm being somewhat facetious when I say this - British Columbia got a rail line; Saskatchewan got a commitment towards some sort of iron ore industry; Manitoba got something at Churchill; and I got the impression that Alberta paid the bills and that we look at this Western Economic Opportunities Conference more.

But let me say this, that three or four months following the Western Economic Opportunities Conference, the people of the Province of Alberta have one more legitimate grievance to add to the long list of grievances which Albertans and western Canadians have with the government of this country. It's regrettable that we went to a conference with that kind of expectation and not many months after we have, as I say, another very legitimate grievance to add to that list. I want to make it clear I don't throw the responsibility for that conference not being more successful on the government of this province. I think this government did what it could to attempt to make that conference a success.

I think this summer was also important, Mr. Speaker, from the standpoint of what this government did in the field of inflation. The government made some moves in the area of spiralling food costs, but I detect a change of attitude as far as the Premier is concerned. If you check Hansard, October 25, 1972, there was a great deal more enthusiasm for the possibility of this province being able to come to grips with some of the problems of inflation. When we heard the speech last Wednesday, certainly much of that enthusiasm had left and indeed, some of the Premier's remarks sounded more like those of the Prime Minister than those of the Leader of the Opposition in Ottawa.

The fourth area that I would just touch upon for a few moments with regard to the summer, Mr. Speaker, deals with the running of the affairs of the province itself. I'm sure the ministers were diligent and on hand, and I'm sure they have solved a number of the bureaucratic hangups this government is becoming known for. We could talk in terms of the development corporation and farmers waiting six, seven, eight, nine and ten months for their money from there. We could talk in terms of the government making 8 per cent money available to rather substantial business organizations in this province; at the same time young married couples with young families trying to keep family and home together are paying 16, 18 and 20 per cent for second mortgages on housing. It seems to me those kinds of priorities are just a bit screwy.

We could talk in terms of the Gull Lake situation, where the Gull Lake stabilization program has moved back rather than ahead. But we will come back to some of these matters later on.

I suppose the reality, Mr. Speaker, of this summer has been something like this, at least we have had a chance now to cut through some of the frosting on the cake; we now get a chance to become involved in what the taste is really like.

Looking back at the last number of months, we on this side would be less than fair if we didn't pay credit to the government for a number of the things it has done. We look at the announcement by the government of a royal commission into the operation of lower courts in the province, and if you look at the Order Paper of the Assembly right now you will see two motions from this side of the House urging the government, in various forms, to do just that. I think we're indeed pleased the government has done this.

I would have to say rather frankly though, Mr. Speaker, that I have considerable respect for the three individuals who are on the commission. But they are certainly going to have to lean over backwards in an attempt to do an outstanding job in this area to get credit for a good job, because of some of their extremely close involvements with this government in the past. I want to make it very clear that I think it is questionable - this is with no intent to discredit the chairman of the commission - I think it is regrettable that in an area as important to Albertans as the lower courts in this province, a former leader of the political party which is now the government of the province has been chosen to head up this particular royal commission. I would not have raised this issue, Mr. Speaker, had the hon. gentleman chairing the commission simply been a member of the commission, but it seems to me on an issue as fundamental as the courts, this is indeed a very questionable decision.

On the other hand, we'd be less than fair if we didn't say to the Minister of Industry and Commerce that we are pleased you have made the decision to make the names and information available with regard to the operation of the Alberta Opportunity Company.

I think it is also fair to say, Mr. Speaker, that some members on this side of the House were pleased with the Minister of Advanced Education's announcement with regard to the law school at the University of Calgary. I also should say, Mr. Speaker, that many members on this side of the House are extremely pleased that the usually quiet Minister of Agriculture has seen his way clear to move in the direction of establishing farmers' markets. I need not say that the suggestion initially came from the four Calgary Social Credit MLAs, and I think credit should go in that particular area.

[Interjections]

Obviously, Mr. Speaker, my friends across the way are coming to life.

Just a word or two, Mr. Speaker, with regard to the legitimate role of the opposition, and I would ask members on both sides of the House to judge the opposition really on the basis of four points.

We intend to raise issues in this Assembly, issues that we feel are of interest to the public of this province. We think that's our legitimate and certainly a reasonable responsibility. We are going to ask questions. I think you have seen that in the question period. We will continue to ask a number of questions, hopefully in related areas.

We will, I hope, commence at this session, Mr. Speaker, to talk in terms of some proposals or some alternatives that we think the people of this province should have the opportunity to look at. I should also add, Mr. Speaker, that you shouldn't be alarmed if, when there are standing votes, you see one, two or three members, or more members perhaps, on this side of the House voting not all the same way. I think that is to be expected. We are a group of 24 individuals over here and certainly we will function in that particular manner.

Just two other comments regarding the statement which the Premier made in his opening of this particular session. I got the very distinct impression as I was listening to his speech that if you went back and went through all the releases that came out from the Bureau of Public Affairs - I usually get mine on Friday. I had someone in the office start to go through them and they lost count at about 25 - I think if you would go back and look at the comments in Hansard and then look at the releases you would find that 25 plus of the press releases which have come out during the summer from the Bureau of Public Affairs really made up a sizeable portion of the remarks which the Premier made.

One other comment I would like to make in this area deals with the statement which the Premier made concerning the cabinet committee tour to central Alberta. The Premier made the point that the comments which the members of the cabinet heard when they were in central Alberta were not the same concerns as had been pointed out by the members of the opposition during the session.

I don't think anyone expected them to be exactly the same concerns but I would have to remind the members of the provincial cabinet that, when you were in central Alberta, you heard about Gull Lake when you were at Lacombe. If that is not the case stand up and tell me. We raised that in the House.

When you were in Red Deer, you heard about the financial problems of the Red Deer hospital. And in fact, if I recall the situation correctly, the member of the Legislature for Red Deer made the comment to the hospital board that they could well go and pick some of these costs up in their four mills, and one of

his colleagues had to correct him. We know in the last session the government took that prerogative away from hospital boards.

I happen to know that when the cabinet committee was in my own particular constituency the Attorney General heard about The Police Act, and the Minister of Advanced Education heard about the self-governance at the Olds Agricultural and Vocational College. You heard about municipal grants, because you did something about it after that. You heard about the closure of the ranger station west of Sundre, because one of the cabinet ministers was asked to go into an anteroom at Sundre when the cabinet committee was there to meet with two of the people involved, and refused to go. So it seems to me that the record needed to be straightened somewhat in that particular area.

Mr. Speaker, there are four areas that I want to spend a few minutes on this evening. Those four areas deal with federal-provincial relations, energy, inflation and the growth of government itself.

In the field of federal-provincial relations, Mr. Speaker, ever since 1905 this province has laboured under the misconception of people in some areas of Canada as being a rich hinterland for eastern Canada. Many words have been uttered and many statements have been made about the discrimination which western Canada and Alberta have had to bear.

Previous Alberta administrations have gone to Ottawa and on many occasions have come back with little or no success. I am sure, Mr. Speaker, that many Albertans looked forward to the Western Economic Opportunities Conference as a landmark for Albertans. Here was the federal government coming to Calgary, and the three governments of the other western provinces coming here. Albertans certainly had very high expectations for this particular conference.

I think many people felt that, following this conference, Alberta-Ottawa relations would indeed be excellent. If there has ever been a short span of time when expectations were raised and shattered it would certainly be in this area of federal-provincial relations.

I want to say unequivocally, Mr. Speaker, that I am not blaming the Government of the Province of Alberta for many of the breakdowns in the field of federal-provincial communications in the last number of months. I'll come to that later on, but perhaps it bears saying for the first time now. I can't recall in the twelve or thirteen years that I have had the opportunity to be a member of this Assembly, when we have had less honest-to-goodness consultation with the federal government than we have had in the last number of months.

In fairness though, Mr. Speaker, we would have to say that this very same government, the Progressive Conservative government of this province, when it became the government, was very concerned about federal-provincial relations. It was this very same government, Mr. Speaker, that set up a department of Federal and Intergovernmental Affairs. For the present state of feelings between the federal government and the Province of Alberta, some of the responsibility has to rest with the Department of Federal and Intergovernmental Affairs.

I also would have to say, Mr. Speaker, that we used to hear a great deal about how Alberta's office in Ottawa was going to hum. On this particular issue of the forty cent export tax that office was a real hummer.

I'd have to say also, Mr. Speaker, that it is rather interesting that you read in the daily newspaper here in Edmonton about two and a half weeks ago that the Government of the Province of Alberta is now advertising for some sort of energy expert or an energy consultant. Well I recall the comments that used to be made on this side of the house by the 'now' government when it appeared to have most of the answers in this particular area of federal-provincial relations.

If nothing else has happened during the last span of a few months, we have to recognize that the issues of freight rates, regional disparity, secondary industry, the problems of agriculture, now the export tax, and the whole field of consultation between the federal government and this province have indeed reached a new low. The best thing we could say, as far as the Western Economic Opportunities Conference is concerned, is that the federal government seemed to know where it stood when it got there, and knew where it was going to stand when it left. Other than in the area of some disclosure in the field of freight rates, we really weren't that particularly successful.

Let me conclude my comments in this area by simply asking this question. What has happened to the Department of Federal and Intergovernmental Affairs and

the shiny minister responsible in that area? I would hope that during this particular session, during the next two to three weeks, the Minister of Federal and Intergovernmental Affairs would rise in his place and tell us of the problems he is having negotiating with the federal government.

I, as an Albertan, can't help but ask the same question that many other people have asked, and that was, as far as the export tax was concerned, why was not British Columbia's lumber picked out, or the products of Saskatchewan or Manitoba? Or is it, Mr. Speaker, that in this whole area of federal-provincial relations we've got to a situation where the resources of this province are being used as a tool, or as a pawn in the hands of some federal politicians looking at the next federal election.

I hope, Mr. Speaker, that this isn't the case, because if it is, things have reached a new low as far as this area is concerned. But when you speak to people across Alberta, from Ontario and from other areas in this country, you can't help but have a very very genuine concern about the deterioration of relations between our province and the federal government.

On the first day this Assembly sat, Mr. Speaker, I asked the government what kind of consultation there was between this government and the federal government prior to the government's announcement for the Syncrude plant to go ahead. The Premier rightfully told me that there was no mandatory need for the province to consult with the federal government, for Alberta owned those resources and we could make the arrangements we wanted to. This indeed is true. I don't argue with that. But on a project as large as Syncrude, Mr. Speaker, the largest project which this province has ever seen, the jobs and the opportunities for Albertans to be involved in, it seems to me that we missed a bet in not going to the federal government and saying look, these are the areas where there is concern on this particular project and discussing with them, openly and above board, the implications as far as income tax is concerned, and discussing equally frankly the question of pricing oil from the Syncrude plant once it comes on stream.

This question of consultation is a two-way endeavour. Frankly, I think we missed the boat in not taking that particular approach. As I indicated earlier in my remarks, Mr. Speaker, we are pleased that the Syncrude announcement was made, and we support the Syncrude plant going ahead. I am sure that members on both sides of the House will recall the position that the members of the Social Credit party took with regard to the tar sands development. This position was outlined some time earlier this year, and I'd just like to touch very briefly on those six points.

This was the position of the Social Credit members of the Legislature:

- (a) An immediate start on the Syncrude plant;
- (b) An opportunity for Albertans and Canadians to invest in the project;
- (c) Adequate environmental protection;
- (d) Government assistance in job training for the local people especially the Indian and Metis population;
- (e) The establishment of a Fort McMurray development corporation, to orderly plan the social needs and social development of the area; and,
- (f) The setting of royalties which would not only encourage the development or exploitation of the sands, but also would provide a maximum return for the Alberta economy. The return for the owners of the resources, all Albertans.

We're pleased that this project has gone ahead. We're very hopeful that between Syncrude, the government of the province and the federal government, the necessary arrangements can be worked as far as the income tax is concerned, as far as the pricing problem is concerned.

We're also very interested to find out, Mr. Speaker, what kinds of plans the government has for the next number of years concerning additional plants in the tar sands. I am sure all members are aware of the need for a sizeable number of plants to be on stream from that particular resource, before long, if this continent, let alone this country, is going to be able to live with the energy demands that are set before it.

We were extremely disappointed, Mr. Speaker, that we wrote the government on September 20, requesting that the material regarding the Syncrude Plant be made

available to us and we weren't able to receive this information until the day the House opened. It seems to me that if it was essential that this announcement be made prior to the Legislature opening - and we don't argue with that - then it should follow that all the information as far as the agreement signed between the government and Syncrude, the financial calculations and the environmental impact studies, could have been made available to the members on this side of the House, so that we could involve in a deeper discussion of this whole project in the course of this particular session. As a result, it will be necessary for us to ask a number of additional questions in our question period between now and the end of this particular session. I would have hoped we could have avoided that kind of eventuality.

We would also say, Mr. Speaker, it would be in the interest of every member of the Assembly to have an opportunity to look at the by-laws of the Alberta Energy Company. Especially the second by-law involved Mr. Speaker, which deals with the areas in which the government can become involved through this Alberta Energy Company. I'd urge all members to have a look at the by-laws of incorporation. With the Alberta Energy Company now a reality, this government can become involved in virtually any operation of government - or any operation that's now functioning in Alberta. You look at the by-laws involved and this you will see, through the Alberta Energy Company.

If that is to be the approach this government is going to take, then let's get on with it. Let's come out and say it frankly rather than do it through the back door.

As far as the Syncrude announcement is concerned, Mr. Speaker, we are extremely disappointed that there hasn't been more planning for the social needs of that northeastern portion of the Province of Alberta. We asked again today in the House if the government could give us any target as to what percentage of Indian or Metis people would be involved in this project. We weren't able to get any kind of answer.

The whole area of housing - go up to Fort McMurray and look at some of the problems involved in housing. There have been housing problems in Fort McMurray for several years. This government inherited some of them. But surely to goodness, with a project like this going ahead, there needs to have been much more planning, much more foresight demonstrated, than has been to date in this particular field.

Concluding the comments in the area of federal-provincial relations, Mr. Speaker, I am rather reminded of an editorial in The Red Deer Advocate, of some time ago, when they were commenting on the presentation of the Government of the Province of Alberta, and I quote:

... [it] was an excellent summation of legitimate grievances about the way Confederation works for Alberta ... his presentation was probably the most succinct summary of Western problems ever uttered in Ottawa, let alone broadcast to a national audience. If the national Liberal Party is interested in becoming a force to be reckoned with in the West, it ought to take the text of Mr. Strcm's address and make remedies to the problems he defined.

This is the editorial in The Red Deer Advocate following the February, 1969 federal-provincial conference.

I conclude my comments in that area on that note, because I think it's essential that all Albertans recognize that wherever members sit in this Assembly, we are concerned about Alberta's place in Confederation. We don't want to cause strains unnecessarily on that Confederation. But at the same time, we are charged with the responsibility of being members of this Assembly, charged with the responsibility of looking after the resources and the human development in this particular province within the scope and context of the BNA Act. That's a responsibility that rests heavily on all members at this particular time.

I'd like now, Mr. Speaker, to move into the area of energy and make some comments there. The question of energy, I'm sure, is on the minds of literally hundreds of thousands of Albertans at this particular time.

The Premier indicated not long ago that if the federal government in its efforts in the resource industry, especially petroleum, continues on the path already started, the people and the economy of this province stood to lose \$300 million. The Premier also indicated that if the federal government continued in the direction it was going in this area, the people of this province faced the possibility of a sales tax. This is serious business.

Perhaps even more important than the economic or financial losses to Albertans is the serious potential job loss if the members of this Assembly, the government of this province and the federal government are not successful in ironing out the problems we face on the energy issue today. I think that I should make it abundantly clear, Mr. Speaker, that the members of the Social Credit caucus in this Legislature at this time support the policy of the people of the Province of Alberta having jurisdiction over the development of our non-renewable natural resources. This is a position, Mr. Speaker, that has been consistent in this province for many years.

It was in approximately 1930 that the old UFA government acquired the natural resources from the federal government. If my research is accurate, they established the position that the resources of the province would be held and that the government would be responsible for establishing the policies and guidelines for the development of those resources.

The present Progressive Conservative government has adopted the position, and I think rightly so, that the people of the Province of Alberta must continue to have jurisdiction over the development of their resources. That is basically the same position as taken by the three previous Social Credit administrations in this province.

I want to make it very clear to the members of the Assembly on both sides and to the people of this province, that those of us on this side of the House, in the Social Credit caucus, support in principle the position that the people of the Province of Alberta, through their duly elected representatives, have and must maintain the responsibility for the development of the natural resources in this province.

I am sure all members of this Assembly, before they came to Edmonton for this particular session, were confronted by questions from their constituents. But does it mean that Ottawa and central Canada are really trying to use our petroleum resources for their own benefit. Is it really necessary for the government of this province and the Legislature to take as firm a stand as has been taken to date. Why was the 40 cent export tax imposed before there was any meaningful consultation between Alberta and the federal government?

Some Albertans are saying, in light of all the present disagreement between the federal and provincial governments, why should we develop our resources, why not just leave them here for future generations. Other Albertans are saying, if we set the price ourselves in Alberta, as is proposed, what effect will this have on Confederation. Other people are saying, can this federal government action really mean that we lose \$300 million worth of revenue to this province and to the industry in this province. On the other hand, people are saying, what if we kick back at Ottawa, what are the alternatives that they have.

I would like you to think for just a few minutes, Mr. Speaker, in terms of a person from outside Canada - let's say someone from Asia or Africa - coming to Canada. On the one hand, hearing the things that are being said about the federal government in Alberta today, by Albertans, by all of us, complaining very bitterly about the 40 cent export tax, I am sure a person not understanding the complexity of Canada, the uniqueness of our Confederation, would really find it difficult to see why many Canadians, many Albertans are complaining about an export tax which really picks up 40 cents more per barrel of oil exported for Canadians. It is a non-renewable resource.

I suspect the same person would have a great deal of difficulty seeing why some people are really concerned about the voluntary price freeze on oil. After all, this is a step in the direction of battling inflation.

If the same person heard the sides of the argument presented, pointing out the necessity for the people of this province to retain the control over the development of our resources, I'm sure he would have been convinced for the third time - this person from some other part of the world - that there is some validity for the 40 cent export tax from the Canadian standpoint; convinced there is some validity in the voluntary price controls. Certainly, when he comes to Alberta we would be able to convince him of the need for the Government of the Province of Alberta to retain the authority over the development of our resources.

It's a very perplexing situation. Many Albertans are asking the question, what's going on here? Precious few Albertans really know what the stakes are.

It seems to me, Mr. Speaker, that one of the responsibilities that we as members of this Assembly have is to attempt to get as much information as possible into the hands of the people of this province on this very vital issue,

so the people of this province know what the real issue is and get the answers to at least some of these questions they don't have answers to at this particular time.

I said earlier in my remarks it is essential that members of this Assembly, and all of us who are Canadians first, remember that, despite the fact that we are Canadians first, we are elected by the people of the Province of Alberta to deal with the affairs of the Province of Alberta under the BNA Act and the agreements therein. So it's incumbent upon us that we look at this matter from a standpoint of the Province of Alberta.

Very obviously, Mr. Speaker, there needs to be something done to reopen the lines of communication and consultation so that there is a better understanding and appreciation of the points of view of people outside Alberta and certainly people inside the province.

In light of this, Mr. Speaker, what I'd like to suggest to this Assembly is that we feel it's keenly essential that Albertans better understand this problem, have a better knowledge of what really is involved and the tremendous impact that federal government action in this area - and certainly provincial action also - can have upon the economic and social well-being of this province. So what we'd like to propose, Mr. Speaker, is: that in the course of this session perhaps in ten days, two weeks from now, we adjourn the Assembly for perhaps two or three days and we sit as a Committee of Public Affairs; that we extend an invitation to the federal Minister of Energy, also to the Government of the Province of Ontario, the Chairman of the National Energy Board and other appropriate individuals; that we ask those individuals to come before the Legislative Assembly and certainly provide them an opportunity to express their point of view - in the case of the federal minister I think to outline his position; and then following that, Mr. Speaker, make it possible for the members of this Assembly to become involved in a number of questions to those people.

It seems to me, Mr. Speaker, that we should also provide an opportunity for industry, perhaps through their two major organizations, to come before this Assembly and express their point of view, their attitude, and certainly many of their concerns in this particular area.

I suppose, Mr. Speaker, it would be easy for us on this side to make this kind of suggestion and try to make it in some sort of want of confidence motion or whatever approach one would want to use from a political standpoint. We don't plan to do that, Mr. Speaker. I plan this evening to lay this proposal before the Assembly.

I ask the members of the Assembly, each of them, to give serious consideration to the suggestions that we extend an invitation to the federal government, the federal Minister of Energy, the Government of the Province of Ontario, which has developed more than a passing interest in our resources in recent months, the National Energy Board because they are the people with whom the industry from this province and this province is very much involved when it comes to export outside this province. We are fortunate in this province that we have one or two people who have been very much involved in the National Energy Board, a former chairman. It likely would be appropriate also for us to ask the Minister of Mines and Minerals a number of questions and make it possible for him to make a statement to the House, a number of statements perhaps, and then to be open for a number of questions in these areas.

I said, Mr. Speaker, we could move this kind of thing as a want of confidence motion. We are not going to do that. We sincerely and genuinely ask the government to give this suggestion serious consideration. We also feel it is essential that the people of this province, and we think this would certainly be possible through this particular approach, have an opportunity to become much more familiar, and understand much more completely the real things that are at stake here.

When the Premier talks in terms of this province losing \$300 million, talks in terms of the province having to have a sales tax, when we look at the long-term implications of the petroleum industry not being able to carry on in this province, then certainly we can take three or four days to make possible this kind of public hearing and a public submission, and a public assessment in this area.

One more comment in the energy area, Mr. Speaker, before I leave that. Simply to say this, that when we come back for the week in December which has I think has rather commonly been referred to as "energy week", perhaps for lack of a better term, I trust the government will at that time be in a position to

spell out in considerable detail, in legislative form, the principles and the fundamental policy which they will be including in the legislation at that time.

I don't believe, Mr. Speaker, that it is good enough for the government to bring forward at that time legislation which really would be open-ended and possible for the Executive Council to have a complete wide hand in this area. We can only look to that legislation. We trust the legislation will be specific, will be spelled out in considerable detail so that a great portion of it is not left to regulation, because with the development of the Alberta Energy Company and the province's involvement in the field of Suffield, in some regards the province itself is really in the petroleum and natural gas business.

I'd like to move on for just a few moments, Mr. Speaker, to the very vital field of inflation. For many years now governments, and especially politicians, have waxed eloquent about the evils of inflation. The Premier made reference to inflation in his speech of October 25, 1972, and we must look at the record from that time and say, really, what's happened? Well, the Department of Consumer Affairs has been established, and there have been some moves in the field of assistance to senior citizens, and we welcome those.

But we also have to ask the basic question, who does inflation really hit? It hits those people who are on fixed incomes, it hits the poor, it hits the elderly, it hits the widow, it hits those people who are involved in a foster home and it hits the deserving welfare recipient. It also hits, - and we don't pay enough attention to this - it hits the young family really trying to get a start.

When we look at the increased revenue that this province has received this year, more than was estimated, something like \$130 million, we see that a very small portion of that, a very, very small portion, perhaps in the vicinity of \$4 to \$5 million, is being used to battle the problems of inflation in this particular province.

Mr. Speaker, I reject definitely the Premier's defeatist attitude that this province can do nothing about the problems of inflation. I recognize very clearly that inflation is a problem the whole world is facing. I recognize also that there are a number of things that can and must be done at the federal level. But I also must say, Mr. Speaker, that there are things that can be done within the jurisdiction of the Province of Alberta, not to stop inflation, but to make it more possible for many Albertans to at least bear the pangs of inflation.

What we need in this field right now, Mr. Speaker, is some leadership. I would hope that the Premier would announce shortly or immediately, and thereby give a guarantee that is a matter of public policy, that Albertans are going to be protected from inflation within the ability of this province, with all the vigor and enthusiasm this government can muster.

After making such a statement, Mr. Speaker, I would hope that the province would seriously consider taking the initiative in calling a conference of the ten provinces in talking in terms of what can be done on inflation on an across-the-province basis at the provincial level.

As far as our own backyard is concerned, Mr. Speaker, if we, the people of the province of Alberta, can't live within our means at this particular time, then we are never going to be able to at any other time.

AN HON. MEMBER:

Hear, Hear.

MR. CLARK:

It is essential, Mr. Speaker, that we get away from the deficit financing that we have been doing in this province the last number of years, under the former administration and under the present administration. If the government of this province is prepared to live with the same kind of guidelines that it has imposed upon municipal governments, hospital boards and school boards - if the government of this province and the members of this assembly are prepared to live with that kind of budget, then there is no question that the Provincial Treasurer can come forward with a balanced budget at the next regular session of this Legislature.

That would really mean talking in terms of something like a 7.5 per cent increase in expenditures in a broad range of areas. I know that that means to

members on our side of the House as well as to members on the other side of the House, that when you get up in the course of this debate or other debates you are going to have to not only talk in terms of what you want additional in your constituency but what you think should be cut out too, and that's fair ball.

But if we would move in this area and commit ourselves to a public policy on inflation, then if we would move in the direction of saying that we are committed to a balanced budget as long as the economy remains as buoyant as it is now, we would go a great distance towards having a very sound effect on the inflationary psychology which has enveloped Albertans and in fact people all across this continent.

One of the most perplexing problems that many Albertans face, especially those people in the lower and middle income areas, is being lost between the struggle of big government on one hand, big business on the other hand and large organized labour on the third hand.

I think these people feel that whether it is government or whether it is business or whether it is organized labour, really they can have no influence, no effect on the problems which we face as a province, and as a country.

If the government were prepared to really move in the field of inflation and make the two commitments that we have asked for here this evening, I think it would go some distance to restore faith in those people, the problems that they face.

If the government also was prepared to move in the area of gasoline pricing - I talked earlier of the problems of Albertans not understanding the complex situation we face now - how many members of this Assembly have faced the problem of having constituents come to them and say, "You know, why is it that we in Alberta pay 59 cents a gallon for number one gas when you can get number one gas in Sault St. Marie at 54 cents a gallon? Take away the difference in provincial sales taxes and we are still one or two cents higher." And the very same Albertans who have that perplexing question say, "Well, don't we own the resources? Isn't this where they are produced? Aren't they refined here as far as we are concerned?" And the answer in all three cases has to be yes.

When we are looking at inflation and what can be done in this particular area, I would urge the government to look seriously at gasoline prices.

The government of good intentions established the Department of Consumer Affairs last year. I recall when we were debating that particular legislation in the House, the now Minister of Consumer Affairs assured me that the Conservative party had been thinking about this and had given it very serious consideration ever since 1971. If that is the case I don't know what the minister has been doing the last six months, because really that department hasn't done a great deal more other than to invite the citizens to write them if they see double pricing.

It seems to me there are a number of things that the Department of Consumer Affairs might get on the ball and get doing. It certainly should publish monthly a list of the complaints it receives and indicate the action it has taken on each. It certainly could be involved in a monthly survey in each of the cities of this province of 50 major food items. Through such depths it would further competition which could have a good effect on lowering prices.

If the minister has run out of ideas he might even consult with his Ontario colleagues. Some of the things that they have done in this particular area are to make information available to the public and be involved in getting the greatest amount of information in the hands of the public and at the earliest possible date.

The last area, Mr. Speaker, that I want to touch upon for just a moment deals with a variety of areas in the operation of the government itself. On Thursday of last week I asked what progress had been made to date in the appointment of the Alberta Human Rights Commission. We were advised that it hasn't been appointed yet but it will be appointed before long.

All the members will recognize that in the last fall session we spent a great deal of time dealing with Bills 1 and 2. In fact, Bill No. 1 was so important that the Premier broke precedent and introduced it on the first day of the spring session. We gave both bills first and second reading at the session, and got them into committee. We came back to the fall session last year and dealt with those bills. In December and at the first of the year there was considerable talk and fanfare about Alberta's having the first provincial Bill

of Rights and then the Member for Calgary Buffalo, The Individual's Rights Protection Act.

It is just unbelievable, to say the least, that we don't have an Alberta Human Rights Commission at this time. The Premier says, well, we're working on it. I have to remind this government that a year ago you were telling us that this was the most important legislation before us. What's happened in the intervening months? Have you lost your enthusiasm for The Bill of Rights? Have you lost your enthusiasm for The Individual's Rights Protection Act? I know it has been a busy five months. We heard that from the Premier last week. It surely hasn't been so busy that it would throw out your number one priority and you just sit on your hands and not do anything about it for the last ten months.

I've raised the question of consultation on two or three occasions. The Premier, the Minister of Mines and Minerals, the Minister of Federal and Intergovernmental Affairs and everyone in the cabinet have complained bitterly about the federal government not having adequate consultation with them on the export tax and on the voluntary freeze.

Fair ball - I agree with you. How do you think the civil servants of this province feel when they find themselves being reclassified after an agreement has been signed? It doesn't really make much difference about the agreement if people are going to be reclassified. Over a thousand of them are affected by this reclassification.

You know, consultation is a two-sided sword. If you've got to consult at the federal level - and well there should be on both sides - then the same kind of approach should be valid when you deal with the civil servants, when you deal with local government, when you deal with voluntary groups in this province, or when you deal with other organizations.

We hear the comments coming from the Minister of Manpower and Labour that he didn't understand what the problems were as far as this reclassification thing is concerned. Well obviously there musn't have been any communication. Perhaps it's fair to say that the civil service has got to the stage where it can now say the devil they used to know isn't as bad as the devil they are getting to know.

Then, in the field of consultation, too, I thought it was rather interesting that the Minister of Telephones and Utilities would go to Calgary, fly a kite Wednesday, and on Friday announce senior citizens' accommodations in Calgary. We welcome senior citizens accommodations in Calgary. I'm not even going to argue about where they are being located. Someone else can do that. But it is surprising, this government that decries consultation: how the federal government doesn't do it - yet those people on the foundation in Calgary didn't even know, hadn't even been talked to by this government. Now I can see why the Premier is looking at the ceiling. Because this consultation issue is a two-sided issue. If you expect Ottawa to talk to you, you had jolly well better talk to the local governments in this province. It's a two-way street.

Another area is the universities. I'm not sure how well the universities are faring under 'Foster care' these days, but we'll get into that later this session or in another session.

But if we can get back to the question in hand. The government went ahead full steam last year, with emphasis on Early Childhood Education for the mentally and physically retarded, and I support it. We supported the estimates. But you know, the amazing thing is that there was no consultation between the government and the universities about this priority area. Finally, some of the officials of the university had to come over and spend the best portion of a day with the two ministers. That was consultation. That wasn't just on the day it happened. That was a long time after. So when you bemoan the federal government and what they are doing in these areas, you might well look at your own actions.

Perhaps the best example I can think of is the situation of the Fort Vermilion Hospital Board. They are the hospital board serving Fort Vermilion, that whole area of the province, and the Minister responsible for Northern Affairs knows the situation well. The hospital board was told by the Hospitals Commission that unless it got rid of a certain individual whom it had employed, the board would be removed from office. A few days later the board came down and met with the government. The government saw the error of its ways and appointed a commissioner, who was supposedly neutral, to look into the whole area and make a recommendation later on.

If some other province or the federal government treated this provincial government that way, the howls we've heard to date would be nothing to what we'd hear in the future, and, that's the way it should be. But at the same time, it makes a mockery of what you're talking about when you think consultation only goes one way.

Talking about consultation, just before I start my conclusion I was rather interested in the comments made by the leader of the federal Conservative party when he was in Edmonton recently, commenting about the export tax and the price freeze. He said that what Donald Macdonald had done was awful: he hadn't consulted. I wonder where the Conservative members of Parliament are? I think the ones in Alberta support our position, the position of Albertans. I wonder how much support we have for that position though from Mr. Stanfield? My prediction would be that if Mr. Stanfield became the Prime Minister of Canada tomorrow, we would be faced with the same price freeze on petroleum products and with the very same export tax, only it might be higher.

In conclusion Mr. Speaker, there are four points that I have tried to make. In light of the very major implications of the present energy problem to the future of this province, I am asking the members of this Assembly to consider seriously the suggestion that this Assembly dissolve into the Committee on Public Affairs for a period of time, and to extend an invitation to the Federal Minister of Energy, the National Energy Board, the Province of Ontario, and those other appropriate officials, to come before the Public Affairs Committee so that there can be the greatest possible airing of this item, which is the most serious problem this province faces today.

In the field of inflation, we're calling for a clear statement by the government that it will do all it possibly can to protect Albertans from inflation, especially those people on fixed incomes, the elderly, those people who are welfare recipients and those people who have young families.

We're also calling on the government to bring forth a truly balanced budget at the spring session this year. We are also calling on the government and the Department of Consumer Affairs to get on the job and do something instead of sit around on its hands. We are calling on the government to be actively involved in not just consultation with the federal government, but to be men of their word and consult in the same way and with the same amount of enthusiasm and vigour, with school boards, municipal governments, hospital boards, and other organizations in this province. The sword of consultation is a two-edged sword, Mr. Speaker.

MR. DEPUTY SPEAKER:

The hon. Member for Wetaskiwin-Leduc.

MR. HENDERSON:

My contribution to this particular debate, Mr. Speaker, and members, I assure you will not be long. I did want to take the opportunity during this debate to comment upon the problems that have arisen between the federal government and the provincial government over the question of energy policy.

I want to say at the outset, Mr. Speaker, while I've had my differences with the present Premier in the past and will probably have them in the future, in this one he may rest assured I support his stand 100 per cent.

Mr. Speaker, on the surface, as the Leader of the Opposition just mentioned in part, the acts of the federal government itself taken in pieces do not appear to be too unreasonable. I'm sure a lot of people are saying that an export tax must be in the best interests of Canada, that we shouldn't be underselling our resources, particularly our non-renewable resources, on the international market. I don't think anybody can really quarrel with that.

I would suspect also that most Canadians are saying, what's wrong with the federal government policy of a two-price system on oil - one price for domestic markets, one price, a higher one, for international markets. On the surface, they say the arguments sound rather plausible. It has been said in the past, and we'll hear more of it before the debate is over - probably before the argument with the federal government is over - some people saying the federal government is doing nothing more than plugging a loophole in provincial legislation. A loophole we as legislators left, that we favoured giving away these resources and the federal government is doing us a favour by putting on a 40 cent tax.

From a partisan political standpoint, that argument sounds pretty good too. I'm sure the critics of the provincial government in this Legislature are also going to say, how can Alberta complain about the two-price system for oil? That's exactly what they are doing with gas. So, goodness gracious, what on earth is Alberta crying about?

I'm sure they are saying that in all this talk about losing markets, surely the federal government is just using the same arguments as did the provincial government when it increased its royalties a year ago. The Alberta crude was underpriced in the American market. The price would stand it. The federal government is pursuing basically the same argument. So once again, what on earth is Alberta crying about?

On the surface, Mr. Speaker, the propositions put forth by the federal government and taken piecemeal don't really sound too unreasonable. I rather suspect that on a short-term basis the Province of Alberta could live with it. But on a long-term basis, there can be no doubt whatever. I think every member of this Assembly, and all the people of this province, should be made fully aware, by whatever means available to the members of this Legislature, that the actions of the federal government taken collectively present some very serious long-range economic problems to the Province of Alberta.

In my view, they place some very serious strains and major obstacles in the path of any prospect of a policy of cooperative federalism within the jurisdiction of Canada insofar as the West is concerned. But so far as this province is concerned in particular, when one examines what the federal government has done and what it is proposing to do: the domestic price freeze on crude oil, and we are talking about Alberta crude oil; the export tax that the federal government has chosen to levy, and it has chosen to argue that the revenues from which should remain in the federal treasury; and examines those two actions as a future policy in the light of the prospect of substantial increases of crude oil prices on the international market, very obviously, anyone with any command of elementary arithmetic - including the economic nationalists in the country, or in this province in particular - should be able to examine the facts and see the consequence for the taxpayers of Alberta.

I think those who dismiss the arguments of the consequences lightly likely skip along on the assumption that it is really only the international oil companies that we are worried about and that they are the ones making all the profit. I suggest, Mr. Speaker, that if anyone wants to examine the facts - I must confess I hadn't looked at the balance on record the last couple or three years, but the last time I looked at what benefits had accrued to Alberta financially from the sale of oil and gas out of this province in Crown leases it was quite abundantly clear that close to one-third of the gross value of the production had gone directly into the provincial treasury. If one wants to extrapolate that into net profits, somewhere between 50 and 60 per cent of the net profits from the production of oil and gas from Crown leases had gone into the provincial treasury.

If one looks at what is going to happen under the federal government policy, they are for all practical purposes putting a freeze on the prospects of Alberta taxpayers participating to any substantial extent in the significant increase in revenues that we would otherwise enjoy from the increased price of crude oil on the international market - other than the share we would get through royalties.

These are going to be substantial because anyone who wants to read the Levy Report or even go through this federal government document - which Mr. Macdonald, though he has got his name on it, has apparently never read. I conclude he has never read it when I read one statement. I was going to read it later but now I am warmed up to that aspect I might as well read it now where he says, "No national policy can be contemplated without the fullest intergovernmental cooperation and consensus." The man has never read a policy paper that came out with his name on it because very obviously he hasn't read this report which is supposed to form the basis for a national energy policy.

But coming back to the detriment that the citizens of Alberta can anticipate from federal action. It is theoretically possible, with the increases contemplated in the international price of crude oil that are going to be forthcoming probably within the next five years as a result of the actions of the OPEC countries, that international crude prices upwards of \$8, \$7 at least but up to \$8 can be contemplated. This compares to about \$4.50 I understand now for international crude in the Montreal market, South American crude.

There is a margin there of \$3.50 but theoretically the federal government under its policy could levy an export tax, a tax which theoretically, in

magnitude would exceed what the wellhead price of crude oil was in Alberta some four or five years ago. Under that policy, if we sit back and accept it and accept the propositions that it is in the national interest to buy this federal policy and it is unCanadian. Eighty per cent of that increase is going to go into the federal treasury. That represents, I suggest, Mr. Speaker, a transfer in revenues from the provincial jurisdiction to the federal jurisdiction that this province simply could not stand.

I suggest, Mr. Speaker, that such a policy is really a double or triple taxation. I say this because the taxpayers of Alberta have for years been paying ahead in federal tax relating to development of our oil and gas resources, by virtue of the fact that the federal government has always insisted on including the full revenues from marketing of our depleting natural resources in the equalization payments. So the taxpayers of Alberta have already suffered a considerable financial penalty for developing these resources. Now, in addition to a hidden tax that the taxpayers of the province have had to pay, we are expected to sit down in the national interest and blithely accept what would constitute 80 per cent tax on the incremental benefits that the taxpayers of Alberta should enjoy as a result of increased prices of crude on the international market.

Very clearly, Mr. Speaker, it's completely unreasonable, on the part of the federal government, to expect the taxpayers of Alberta to foot the bill for subsidizing a low-cost national energy policy. That is exactly what the federal government policy is going to lead to. Alberta's crude oil prices would be insulated from the increased prices that can reasonably be contemplated to develop within the next few years. That loss of revenue that's going into the federal treasury can be nothing other than a subsidy to maintain low-cost fuels throughout Canada as a whole, primarily at the expense of the Alberta taxpayer. To a much lesser extent, the Province of Saskatchewan would suffer some of this affliction as well, but with the reserves that Saskatchewan enjoys in the long term, it wouldn't affect them for that long a period.

Very clearly, with the prospects of the tar sands development, the economic and political implications of such action on the part of the federal government simply cannot be ignored. They cannot be accepted blindly under the so-called guise of, "It's in the national interest to do so". Particularly I say, it cannot be accepted by members of this Assembly without a great deal of debate and opposition.

Mr. Speaker, there are some very serious, very definite and very deep, long-range implications of a constitutional nature in the action of the federal government in this regard. I don't think it would be wise on anybody's part to underestimate the significance or the depth of those constitutional implications. I suggest that if the federal government is proceeding on this policy on which they have embarked, in the interest of gaining some partisan political benefits on a short term in eastern Canada, that the outcome and the responsibility of what might eventually happen, in my mind, would clearly have to rest with the federal government.

Of course if somebody brings up the argument "Well, what are you, a Canadian first and an Albertan second or vice versa?" - Mr. Speaker, if it develops on a federal level that the reasons for the federal government's actions should only appear to be, in this part of the country, based on partisan political interests, I would have to say as a member in this Assembly and an Albertan, that the question whether I am Canadian first and an Albertan second and vice versa is academic. I would have to feel that the federal government has very clearly abandoned my interests as a Canadian citizen living in this part of Canada. There can be no other conclusion.

Similarly, Mr. Speaker, the other conclusion one arrives at, if the federal government persists in the approach they have taken and particularly if they refuse to give any consideration to the Syncrude project, in my mind, that project is very clearly in the national interest. Anybody who has read any of the projections for oil demand in Canada has to realize that the only real hope in the reasonable future for self-sufficiency of crude oil in Canada, let alone any export commitments, has got to involve development of the tar sands.

The refusal of the federal government to give any consideration to the propositions that have been brought forward by this province on the tar sands and they take an injunction with their actions thus far in their freeze on domestic crude prices; their actions thus far on the export tax, the only other conclusion I can arrive at aside from that of partisan political interests on the part of a so-called national government would have to be that the federal government is embarking upon a policy of recapturing total economic and policy control over the development of the resources within Canada, and the action of

1930 that was referred to by the Leader of the Opposition in transferring jurisdiction over those resources is being repudiated.

If that's the case, Mr. Speaker, if it's partisan politics, I think Confederation is in very serious trouble. If it's the latter case, I think the other provinces of Canada should be sitting up and taking particular notice of what this action is. Once again, it has some very, very serious political implications for this country as a whole.

One would be forced to conclude that we have a federal government which is in fact saying, in spite of the propaganda and talk about cooperative federalism, that Canada now needs a unitary form of government. I for one, Mr. Speaker, and I must confess that I have a very definite western bias, I for one believe very strongly that the regional interests and pressures in Canada are too strong for this nation to survive under a unitary form of government. So all the provinces in Canada - including Mr. Blakeney in Saskatchewan, whose government stands to lose under this policy right away just as Alberta does, and hasn't said a word publicly about the matter that I've heard - and all the other premiers of Canada have got to examine very closely and very seriously what the implications are.

If the latter conclusion - a centralization of policy control over resource development in Canada - turns out to be the objective of the federal government, then I have to say that in this particular province I don't think we have any other means at our disposal as members of this Legislature other than to back the government in its actions to the hilt. We very obviously have no prospects of throwing the federal government out of office by defeating a few Liberal candidates in the province

So when the Premier of Alberta goes to Ottawa with his ministers to discuss this particular problem, I think everyone has to realize that the consequences and the outcome can be very serious. If the federal government persists in the policy that it has embarked upon, I'm convinced that the results will be disastrous insofar as Confederation is concerned. I for one would have to say that my responsibility and my sentiments would rest with the citizens of Alberta. The so-called national government in my mind would no longer exist as a meaningful political entity in this part of Canada.

MR. DEPUTY SPEAKER:

The hon. Member for Spirit River-Fairview.

MR. NOTLEY:

Mr. Speaker, in rising to take part in this debate, I would first of all like to offer my congratulations to the hon. Member for Calgary Foothills on his election to the Legislature, and, as well, congratulate the hon. minister, Miss Hunley, on assuming her new duties as Solicitor General.

While in the main I want to deal with the energy question tonight, Mr. Speaker, I would like to say several things about my constituency. As members of the Legislature are well aware, harvest conditions last year in the Peace River country meant that many hundreds of farmers had their crops left out over the winter, with a very substantial resulting loss.

While we have hopes, and the weather in the last few days has certainly reinforced these hopes that the entire harvest will be taken off this year, I would hope that the department keeps a close and watchful eye on this situation.

One of the events that took place during the summer recess, Mr. Speaker, is important for agriculture in the North. It concerned the dispute involving a farmer in my constituency, Mr. Martin Rombs, who had some difficulties with a well-known trust company in the Province of Alberta. The issue in this dispute goes beyond just the difficulties between Mr. Rombs on one hand and the company on the other, because, as most of us know, farm land values are beginning to rise. Therefore, if foreclosure takes place at this stage of the game, farmers who lose their land as a result of foreclosure will lose a capital gain. Not only will the company foreclosing gain the farm in the first place, but they will also make the capital gain. So it is necessary, it seems to me, especially if some pockets of the Peace River country and other parts of the province fail to get in their harvest, that the Agricultural Development Corporation tailor policies which would be directed towards helping these people keep their farms so that the capital gain is not lost. I know this sounds like a rather capitalist statement from a socialist member, but I suppose we can all be capitalists at times.

I want to congratulate the Farmer's Advocate for his work in the Rombs case. I believe that in Mr. Entrup we have an excellent Farmer's Advocate and I believe, despite my criticism of so many things the government does, that the appointment of a Farmer's Advocate was a first step and one which can well be followed by other provinces in Canada.

While I am dealing with my constituency, Mr. Speaker, I want to again remind the hon. Minister of Highways that action is needed to complete the paving of Highway 49. They finally got a little oiling done, but the arguments for paving that last 26 miles are very strong; they were strong last year and they are even stronger this year. The arguments for carrying on the completion of the construction of secondary road 964 with the accompanying paving and oiling of that road are equally valid.

Mr. Speaker, turning from these particular matters to the energy issue which clearly is involving most of the attention of the members of this Assembly at the moment, I believe that it's necessary to put this issue into perspective. We no longer live in a society where the economy is dominated by small companies who are able to compete one against the other.

Today we have an economic structure which is dominated by large corporations, largely multi-nationally owned, which operate around the world. They don't have to work within the old law of supply and demand which has guided economic pricing for so many years. They can hold back production and fix prices. Well, I am not here today to go into a lengthy economic analysis of multi-national corporations except to say that, as we consider the energy issue in this Legislature tonight, it is important to recognize that basic to an energy discussion must be the recognition that this is an industry almost completely dominated by large corporations.

Mr. Speaker, the Premier on a number of occasions has mentioned that Alberta must diversify its economy. I don't think there is any Albertan who argues that point. But I would remind the honourable gentleman opposite that the argument for diversification of the Alberta economy is not new. It is something we have heard for many years. As a matter of fact, if we looked back over the last 26 or 27 years, when oil was discovered in Leduc, the hopes were expressed at that time that the discovery of oil would lead to the development of many job-producing secondary industries. But to a very large extent, our development in the last 26 years has been in the field of primary extraction rather than job-producing secondary industry.

In large measure, Mr. Speaker, it seems to me the reason for that is not a result of specific shortcomings and former policies which have been corrected by policies presently announced by this government but rather that the pattern of development has been controlled by corporations which look at their operations not just from the viewpoint of Alberta residents but from the viewpoint of the entire industrial empire.

That, as a background, leads me to a discussion of the Syncrude deal. I was rather interested in a comment appearing in The Petroleum Land Journal shortly after the Premier's television announcement, and I quote:

It appears to us on the basis of disclosures to date, that the backers of Syncrude (a consortium of international oil companies) are to be congratulated for their bargaining skills.

Mr. Speaker, The Petroleum Land Journal is hardly a dangerous left-of-center publication. I think the backers of Syncrude, the management of Syncrude, are to be congratulated for being shrewd negotiators. But what is in the interest of the syndicate is not necessarily in the interest of the people of this province.

I was rather amused as I listened to the Premier say that a very hard bargain had been struck with Syncrude, to observe that, the following day, a newspaper article carried the little disclosure that the deal was apparently so hard, the bargain so hard to honour that GCOS were interested in the same sort of proposition. Perhaps we should look at what Albertans can expect to receive in benefits. The Foster Report has been tabled in this house and according to the report, approximately \$1,060 million can be expected over the lifetime of the plant from the 50-50 profit sharing arrangement.

Mr. Speaker, if we, for just a moment, contrast the amount of money which can be gained by the people of Alberta from the 50-50 profit sharing proposal, with the first oil royalty plan outlined ten years ago in 1963, we find some rather interesting differences. We find, for example, that even if we, for the sake of argument, assume that there is no time value to money and I think very

few of us would argue that, but if we assume for the sake of argument that there is no time value to money, the old royalty arrangement provided for in 1963 would net, using the Foster figures, \$1,740 million over the lifetime of the plant, or a difference of \$680 million.

So before we begin to jump up and down with enthusiasm about the great benefits of this billion dollar deal, it seems to me that we have to look at the former royalty plan, a plan which was introduced when we were in a very different situation. We were then in a buyer's market. We had surplus oil capacity. We couldn't sell all the oil that the province was capable of producing. But today we are in a seller's market with a growing demand for the oil that is produced not only here but around the world.

But, Mr. Speaker, if we move beyond just the statistics that I have stated and assume a time value for money and using the 8 per cent compound interest - an 8 per cent, incidentally, that I see referred to over and over again in the agreement - we find that the difference is even more remarkable. Using the 50-50 profit, we will collect \$1,785 million using the original royalty scheme, that works out to \$4 billion, or a difference of something over \$2 billion.

Mr. Speaker, in conclusion of my remarks I am going to table the statistics for the interest of the members. As I see it, the billion dollar income - and I'm not even going to challenge whether we will get a billion dollars or \$900 or \$800 million, I'm prepared to accept the argument that it will be a billion dollars over the lifetime of the syndicate - that billion dollars has to be compared to what we would have received under the old royalty plan.

Mr. Speaker, there is no way, in my judgment, you can say that is a great deal for Alberta when, using the time value of money as a consideration, we have missed the boat by over two billion dollars. Mr. Speaker, the actual royalty, if we were to compute the 50-50 profit sharing arrangement as a royalty, would amount to some 5.2 per cent.

Another area that in my judgment needs to be more fully discussed in this Legislature, and I would hope that the government members would do it, is to provide information on the actual capital structure of Syncrude. How much is going to be equity capital and how much is going to be debenture capital? Well, at the present time we don't know. Reading over the memorandum of agreement, we are given no details as to what the ratio will be between equity and debenture capital. But assuming that the 8 per cent or the approximate prime interest rate will be deducted on three-quarters of the investment before any profits are shared, assuming that that is a guide to what the actual debenture capital is, I would speculate that we have a breakdown something like this; \$750 million in debenture capital, \$250 million in equity capital.

Mr. Speaker, I note in looking over the agreement that Section 17(d) makes it quite clear that when we exercise our option on Syncrude, to take out the 20 per cent, we must pay cash on the barrel head. Well, if we do, Mr. Speaker, it would seem to me at that point, at that stage of the game, we are going to be putting up \$200 million of equity. If the total equity in the plant is some \$250 million, that means we'll be putting up 80 per cent of the equity. Now, Mr. Speaker, I would suggest that at this stage it is still a matter of speculation, but I would hope that very soon we will get a breakdown from the government of the capital structure of the syndicate, so that Albertans will know what percentage of the real equity the Alberta Energy Company will actually be putting up.

Another observation I would make with respect to Syncrude, Mr. Speaker, is that participation should not be confused with management control. As a matter of fact, 7(d) of the contract has a very interesting point, and I quote:

Neither Her Majesty, nor any of Her representatives shall have any right to vote at any such meeting and shall not have the right to approve or disapprove any action or proposed action by any in the participants of the Syncrude Project.

Mr. Speaker, it seems to me that this is a rather dangerous provision, because the Premier took some time the other day to point out that we would be protected in case there was a move, a transfer of pricing. He suggested that the accounting manual will achieve that. Now, Mr. Speaker, with great respect, I don't believe that an accounting manual, even one drawn up by our Deputy Provincial Treasurer, who I am quite willing to admit is an extremely able and dedicated public servant, is really going to guarantee that the public interest of Alberta is served. Nor will having observers at the board meetings, as long as 7(d) says,

Neither Her Majesty nor any of her representatives shall have any right to vote at any such meeting, and shall not have the right to approve or disapprove any action or proposed action... .

One of the things that I would raise as a question is; presuming through our ongoing monitoring of this scheme, we come upon information that shows that money is being transferred, or salaries are too high or perhaps consulting fees are unreasonable, or the whole range of things that lie within the prerogative of management are such that they are not in the public interest, what right do we have?

At one point, we can say we are not going to carry on with this 50-50 proposition, we'll take a seven and a half royalty instead. After the plant has been in operation for five years, we can repeal or change the royalties. What is the situation going to be if we uncover that information in the first five years? What remedy do we have, short of a legislative breach of contract, to protect the public interest?

Suppose the accounting manual of the Deputy Provincial Treasurer and the monitoring system uncovers information in this time, what guarantee do we have that we can take remedial action? I admit, Mr. Speaker, that it is quite possible that when a definitive agreement is drawn up, when the joint partnership arrangement is made, this could be looked after. But I think, Mr. Speaker, that in the interests of the public we should have some sort of indication as to what precise steps the government will take, beyond simply an accounting manual, monitoring system and observers at the board meetings. What specific steps will we have to remedy a situation if it occurs?

Another factor that worries me somewhat about this particular project is the fact that all the information which the government collects on Syncrude is going to be kept confidential. Now let me hasten to add that I can understand some of the information should be kept confidential. But, Mr. Speaker, surely not information relating to price. If we are talking about a free-enterprise economy, why shouldn't at least all the information relating to price be made public?

The point in this agreement that guarantees confidentiality, in effect, undercuts the role of the opposition in this Legislature as the watchdog. One of our responsibilities to the people who sent us here, on a project as vast as Syncrude, is to act as watchdogs and to uncover information if we can. But there's no way if it's all going to be kept secret and confidential.

Again, I say, Mr. Speaker, I can understand certain areas of the contract that may well have to be kept in that sort of state, but surely not the price of the commodity that is produced.

Mr. Speaker, the pace of the development is another matter which troubles not only me, but many Albertans. When I look over the very excellent report prepared by the civil servants in the Conservation and Utilization Committee, in the Fort McMurray Athabasca Tar Sands Development Strategy, a report which is couched in the very restrained language of civil servants, nevertheless some pretty significant things are said, in my view.

For example, the report really debunks the theory that we've got to develop the tar sands now. I quote, page 46 of the report:

With time Alberta should be able to utilize the tar sands as a lever in the socio-economic development of the province. Nuclear energy, geothermal energy, or the Colorado oil shales as a substitute for petroleum products will not be competitive economically, or technologically with the tar sands for some time.

Mr. Speaker, it seems to me, we really should ask ourselves how fast we want to move in developing the tar sands. Do we want to develop the tar sands in the long-term interests of Canadians and Albertans? Or is our objective to develop the tar sands to satisfy the insatiable energy demands of the United States market, demands which, no matter how quickly we try to satisfy them from the tar sands, are not really going to be met unless the United States Government itself realises that some kind of rational control has to be imposed on the ever-increasing use of energy in that country?

I suggest to you, Mr. Speaker, that not only are many Americans looking for new sources of energy but equally importantly many Americans are looking at ways we can develop to conserve energy, to cut down on the wasteful use of energy in that country.

Mr. Speaker, one point the statement makes and I underline it, is that we should develop at a moderate pace very clearly directed toward meeting Canadian needs. All right, when I look at the contract on page 22, Section 21, there are three conditions. Condition (b), a federal tax ruling with the proviso in the last sentence that:

(b) ... taxes on income from mining operations which, after 1976, may not be deducted in computing income under the Canadian Income Tax Act:

In other words, one of the provisions is that even our feeble efforts at tax reform will not apply to Syncrude. And another provision:

(c) that the federal government does not regulate directly or indirectly the prices of synthetic crude oil below the level obtainable in a free international market.

Mr. Speaker, I am not suggesting at this stage of the game that it would be practical to use tar sands oil to underwrite a two-price system in Canada but at some point it may be. Surely to put that kind of provision in the memorandum of agreement is to undercut the rather sober and I think restrained, but very intelligent proposition of the utilization committee that this whole project should be aimed at satisfying Canadian needs first.

Now Mr. Speaker, one point that the Premier raised when he spoke the other day was that if we were to develop this under public ownership it would require a massive shift of spending. Well, public ownership would not be essentially any different in terms of getting money, in terms of the difference between debenture capital and equity capital than with the present situation, because I am sure that when the capital structure is finally disclosed in this House we are going to find a very substantial debenture capital position. A publicly owned utility would be in exactly the same position to borrow money so it wouldn't mean distracting or shifting funds from needed public projects simply to shift it into the tar sands.

But one of the things that, again, the committee suggested, was that we consider working with the Canadian Development Corporation. We have heard a lot tonight and we are no doubt going to hear a good deal more about how insensitive the federal government was to the position of Alberta as an oil-producing province. Surely one of the ways to make the federal government more sensitive is to have them work in partnership with the Government of Alberta in developing the tar sands - as a matter of fact it says exactly that in page 11 of this report, "investigate the feasibility of employing the Canada Development Corporation as a feasible alternative..." It goes on to suggest: "Investigate the feasibility of integrating an Alberta Resource Development Corporation with the treasury branches to funnel Alberta development capital into the bituminous tar sands development."

In short, Mr. Speaker, we could if we chose control tar sands development. It would not mean as fast a pace; it would not mean 25 or 30 plants by the end of this century; it would not mean that Fort McMurray would become a city of 300 or 400 thousand people; but it would mean that we would retain control of the sands, and that the ultimate benefits of control would come to the people of this province and this country.

One of the benefits that we have to look at is not just the economic rent, not just what the royalties should be or what the profit share should be, but whether or not we are able to use a project of such magnitude to develop other industries, secondary job producing industries that are based on that primary development. I doubt frankly that we are ever going to encourage multi-national oil corporations to see the wisdom of developing secondary industry in Alberta any more in the next 25 years than we have in the last 25 years.

[Mr. Speaker in the Chair]

It seems to me, Mr. Speaker, that if we are to use this enormous project in the long-term best interests of the people of Alberta, we simply have to control the day-to-day management decisions.

One of the areas that will no doubt be debated widely in this province is Section (a) of the conditions. Again on page 22 of the contract, and I quote:

That such Syncrude contractors as Syncrude may request shall enter into a site agreement or agreements with labour organizations in a form which will have the effect of bringing the various trade components under one set of working conditions and which will achieve labour stability through to the completion of the project.

"...labour stability through to the completion of the project." Now, if what the government means in Clause (a) of the conditions is that free, collective bargaining will be used to arrive at an on-site contract between the unions and the contractors and that no other form of compulsion is intended, then I have no quarrel with this particular provision.

But, Mr. Speaker, I think that we have to make it very clear - or it should be very clear - that the government is not going to at some point in the future, should negotiations break down, introduce no-strike legislation or attempt to bring this project under the essential services provision of The Alberta Labour Act. Were it to do so, we would be paying with the right of Alberta workers to strike, which is in my judgment an inherent right for a development in the tar sands. And I suspect, Mr. Speaker, that that would not sit well with ongoing labour relations in the province.

Now again, we don't know what the position of the government is, but I would hope that the Minister of Manpower and Labour, when he speaks in this debate, if he does, would clearly state - so that the minds of the trade union movement would be completely at rest - that this government has no intention at any point of introducing no-strike legislation in whatever form during the duration of the contract, and that this provision is simply an effort to arrive at a satisfactory on-site agreement as a result of the interplay of free, collective bargaining.

I want to make a couple of observations about the developments in the tar sands as far as the social implications are concerned.

One can't help, when you visit Fort McMurray - and we see that in so many ways it's already a company town, and that workers have to pay outrageous amounts for housing, housing itself is in short supply. We have to plan ahead in a very deliberate and intelligent fashion so that the benefits of higher wages which a person can earn by working in the tar sands are not taken away by uncontrolled increases in the cost of living.

Perhaps we had something of an example of that tonight on CBC television. A story was carried concerning an unconscionable increase in the value of land which appears to be the land chosen for the local high school. I would hope that during the debate the Minister of Municipal Affairs would be able to explain fully to the Assembly what happened in the case of that land, why it was allowed to escalate to such an unreasonable level, and whether or not the government is prepared to buy land for a land-bank on a pretty substantial basis so that sort of thing will never happen again.

Mark my words, you don't need to be any great political or thorough economist to know that Syncrude's decision is going to put the pressure on everything in McMurray. Prices will skyrocket, unless the government takes very rapid action to increase housing, to increase the land available for housing, to move much faster and in a far more thorough way than would be the case in almost any other community in the province.

Mr. Speaker, I conclude my remarks on the Syncrude arrangement by again saying to the members of this Assembly, that the words of the civil servants' report should be pondered by all of us when they say that the tar sands provide a unique opportunity to regain control of our economic development. I suggest - it is unwise to dismiss the concept that if we can go into partnership with multi-national oil corporations, why can't we go into partnership with the people of the rest of Canada through the Canadian Development Corporation. It seems to me that the long-term benefits to this country, and indeed, to Alberta as we review energy matters, will very definitely be in favour of such a move.

I want to say a few things about the introduction of the export tax. I feel that considerable argument can be made that 'ad hocery' has typified the governments in Ottawa, but I think fairly, the Government of Alberta too, in the government's approach to energy matters. I think in fairness, some criticism can be levelled by the Alberta government at Ottawa not moving more quickly to hold a national energy conference. But having said that, I believe the introduction of the export tax was necessary.

When the freeze was made and announced in early September, I must confess I was rather surprised when I saw the Minister of Mines and Minerals being interviewed on television. I expected a reaction not too different from that of the oil company representatives. To my amazement, there was a sober, almost statesmanlike position, not quarrelling bitterly with the export tax, but rather as I recollect, saying that the crucial issue was, who gets it? I think that was an intelligent position to take because we do have a valid argument when we say the proceeds of the export tax should go to the producing province. I don't

think there is any doubt about that. As far as that issue is concerned, I'm sure that there is no real opposition in the Province of Alberta.

Mr. Speaker, I do quarrel with the attack of the Premier and this government on the federal move to introduce an export tax because that clearly lies within their constitutional jurisdiction. They have the right to do it. I don't think anyone who reviews the BNA Act would challenge that they have the right to do it under the terms of the BNA Act. It seems to me that as one reviews what happened in those first two weeks of September, they really had very little choice.

It was September 3, I believe, that the government stated to the nation they were going to try to control gasoline prices. Now it could be argued they should have attempted to control lumber prices, potash prices and fuel prices. It could well be argued that they should have attempted to control the price of money, interest rates. I don't think there is any argument about that. But, they chose, in examining selective controls, the price of gasoline as one important part of dealing with inflation.

Members will recall when that announcement was made the government said there would be two methods considered for policing the price control. It would be a voluntary price control program but there would be two methods considered. One, the national marketing board concept, and two, the export tax.

Now it is my submission that when the federal government made that statement on September 3, the Government of Alberta had to know that an export tax at that time was inevitable and its inevitable introduction would be within a matter of days. Why do I say that? Well, the minister well knows that the National Energy Board operates on two central principles, (a) that the quantity of whatever resource is being exported has to be surplus to the needs of Canada, and (b) the price to be charged by an applicant for gas or power exported by him is just and reasonable in relation to the public interest.

These are the two principal features of Section 83 of The National Energy Board Act which applies in this particular case.

Now, Mr. Speaker, we all know that in mid-August the President of the United States permitted an increase in the wellhead price of oil by 35 to 40 cents. I remember being in Washington in the middle of September and seeing three or four thousand automotive retailers marching on the Congress building saying, in no uncertain terms, that they didn't like the President upping the option of oil companies to increase the wellhead price while not, at that stage of the game, permitting an increase in the automotive retail price for gasoline products. They subsequently won their point. But the wellhead price of gas - of oil I should say - was going to go up in the United States and the minister, as a person knowledgeable in the field, would have known that.

It's on this basis that I must confess some puzzlement at the restrained position taken by the government when the price freeze was originally announced. Because the minister would have known that the crunch had to come when the nominations took place for October oil before the National Energy Board.

Mr. Speaker, when the nomination came in, the National Energy Board discovered that the prices being bid by refiners in the Chicago market in the main were approximately 40 cents below the market value. So he sent back this telegram to all the refineries. Quote:

Having considered each application, the board has denied all applications to export crude oil and equivalent to the United States during the month of October.

Because it was unable to satisfy itself under Section 83 of the National Energy Board Act, that the prices to be charged for the oil to be exported are just and reasonable in relation to the public interest. In the board's opinion the price of oil exported on the basis of current posted wellhead prices plus handling charges plus pipeline transportation at tariff is, in most cases, 40 cents a barrel less than the price which is in the Canadian public interest.

Now, Mr. Speaker ...

MR. SPEAKER:

I am obliged to draw to the hon. member's attention that his time is up. Perhaps he could find a concluding sentence or two.

MR. NOTLEY:

Mr. Speaker, if I may beg the indulgence of the House to go beyond just a few seconds but no more than three or four minutes.

Now, Mr. Speaker, the National Energy Board rejected the application. And they did so in the public interest. Because had they not rejected the bid, that half a million dollars a day would have been pocketed by American refiners; not one cent would have come to Alberta in the form of royalties, not one cent would have been collected by the Government of Canada in corporation tax. So the NEB was completely right in rejecting those bids.

Well then, in rejecting the bids the next move was to have low bids come in. Had they accepted the new bids, 40 cents higher than the price currently involved in Canada, that would inevitably have pushed up the price of oil in this country by another 40 cents a barrel. In view of the fact that they had already told us that there were only two methods used to police the voluntary price control, the government had no choice but to move very rapidly. And that, Mr. Speaker, in my view is the reason they had to move so rapidly.

I conclude my remarks by saying that I would hope that the era of confrontation with Ottawa over energy can be replaced by one of conciliation and cooperation, because that not only is in the best interest of Canadians, in the long run, Mr. Speaker, it is in the best interest of Albertans as well.

MR. SPEAKER:

I believe the hon. Minister of Federal and Intergovernmental Affairs was on his feet first. In the interest of an equitable alternation between, I note that there have been three opposition speakers so far and one on the other side.

MR. GETTY:

Mr. Speaker, I too welcome the opportunity to participate in this debate. I'd like to take a moment to welcome our new Member for Calgary Foothills. I am sure that the example of an excellent member of this Legislature has been left before him and I know that, try as he might, he will find it extremely difficult to fill the roles of the man he follows. I know that he definitely will try and I'm looking forward to that.

Mr. Speaker, it is interesting for me to watch three speakers tonight on the subjects - important subjects to Alberta - which we are dealing with.

I think that it is safe to say that we started off with a new Leader of the official Opposition who is trying to establish a certain position in the Legislature, attempting to cast a role I guess for a faltering opposition. Certainly, Mr. Speaker, while he attempted to cover a variety of areas, I found it difficult to find where he in any way grasped, in a substantive matter, the real issues that are facing the province. He skipped along just the surface. He wasn't going to be taken in by the easy, obvious eastern arguments, nevertheless, he didn't really know where the holes were in those arguments.

I felt then that the House received, and has received in the past, from this gentleman, a straightforward, right from the guts, if you like, kind of speech and in some cases a difficult one to give because you are dealing with yourself as a Canadian and as an Albertan.

The hon. Member for Wetaskiwin-Leduc has had a great deal of experience in the matters on which he spoke. I thought that with his knowledge and experience he made an important contribution tonight in this Legislature. I think that it is pretty significant that each of us is going to have to look into the future and read into the present energy problems which are being debated in Canada the full implications, not just the surface arguments.

We then had a presentation which almost led me to stand up and say, thank you very much, Mr. Lewis, because there is no question in my mind that we had the old automatic, through the Toronto or eastern party line, swallow the arguments, take your best shot but just, Mr. Speaker, refuse to really get into the issue. I don't know why that kind of position needs to be followed by the hon. Member for Spirit River, but I do know this, we are going to be, in the months ahead, in very tough battles - jurisdictional, policy issues.

I know where certain members of the House stand. Certainly I feel we'll be able to predict where the Member for Wetaskiwin-Leduc and I think most members on the other side, stand. I think we can all predict where the Member for

Spirit River stands, Mr. Speaker. I for one wouldn't want to turn my back in that area at all, in the fight that's coming in the future.

Mr. Speaker, the Leader of the Opposition requested in some detail, why there are difficulties arising in the field of federal-provincial relations. I think if he had really considered what's happened he would know that himself. But I guess if you were to put it in a nutshell as to why there are problems, it is because eastern Canada just doesn't like what is happening to the basic traditions, what is happening to some basic traditions in eastern and western grievances, as we both attempt to resolve our positions within Confederation.

Consider, Mr. Speaker, we are breaking some pretty substantial traditions. We have the case of the West, which has been, and I think he was using the words, discriminated against, pushed around in the past, and a West that in most cases couldn't do anything about it. We're breaking that tradition. The facts aren't that way anymore because the West has some things about which they are able to come up with legitimate grievances and they've got some muscle behind them.

They've got a leader in this province, which is the second tradition they are breaking, who is standing up and saying, you got away with it in the past but you are not getting away with it anymore. Now they had it their own way before. Is it any wonder, Mr. Speaker, that they don't like it? Is it any wonder that they react angrily? Certainly they do. We think it's important that Alberta and the West stand up and make sure that the traditions of the past are changed, that we do, in fact, establish our right or our fair position in this Confederation.

The hon. member mentioned the Western Economic Opportunities Conference. Well, I think that was just a typical indication of what has gone on in the past. Sure, it appeared that over some period of time there was getting to be a western discontent or unhappiness. It was getting noticeable and it was getting articulated. I think they resorted to something which may have worked with the Maritime provinces, or in other areas of Canada, in the past. They said, look, let's tell them that we'll have a conference, we'll talk about all these grievances and do something about them. There were high expectations. I should remind the hon. member who is sitting here now that during the spring session of this Legislature, the Premier and other members of the provincial cabinet attempted to establish that these high expectations could, in fact, be dangerous. They could find that that conference was not built on the kind of intent we were hoping for.

Nevertheless, the conference went on and we obtained as much as was possible from it. Because of serious preparation for the conference, we were able to present a united West. We were able to have our position papers established, and gain public support.

We refused to go to talk about a series of giveaways. The hon. Leader of the Opposition mentioned, I think, where Alberta's giveaways were. Frankly, Mr. Speaker, we established early that there wasn't going to be that kind of conference again, as there had been in the past. We weren't there for the giveaways. We were there for the legitimate resolution of grievances which we were able to document and prepare in advance, as a united West, and place before the federal government. Those documents are all available. I'm sure the hon. Leader of the Opposition, who, I believe, attended the conference, was able to get copies.

There is also no question, if we are going to consider why we are having trouble, as he puts it, in federal-provincial relations - what were we faced with when we came into this administration. Well, for one thing, we had a resource, probably the most valuable resource available in North America, pouring out of the province at a tremendous discrepancy between its true actual value. And we said, we are not going to allow that, in the best interests of Albertans, to happen anymore.

Well, you know the automatic reaction down east - they got upset again. Why now? We always had it cheap before, we've always been able to get it from old western Canada before - you mean to say now we've got to pay fair value? I mean, after all, the West has been buying the manufactured goods which are protected by tariffs in the golden triangle - and we are paying not just world prices, we are paying world prices plus, to protect those jobs in eastern Canada.

Now, this is what some of this federal-provincial strife is about. We are arguing about where the growth in this country will be in the future. Where are the jobs going to be? Where is the industrial development going to be?

There is no question in my mind that in the past we have lost some pretty substantial job-producing industries. We have lost, in the past, the petrochemical industries to eastern Canada. I think it was a mistake in the past and we are trying to change it. It's difficult. People object. There is that tradition. Certainly they are going to object and they are going to fight, because they want this growth too.

But I think when you look at the future of Canada, and you look at the need to no longer have our population and growth squeezed into certain areas; you look at the way this country is maturing; you look at the West with its potential; you look at Alberta with its potential - its tremendous potential, I liken it to a huge motor engine or motor car which can run beautifully if it's just tuned the right way. Well within itself it can reach its potential. But it can't have a great deal of tinkering, obstacles or phony obstructions. We have the opportunity to reach this potential and to let this vast machine run. That's our responsibility.

I don't apologise nor does the government for any of the problems which we are facing on a federal-provincial basis or an inter-provincial basis. I happen to think that, except in these one or two areas, they are far superior than they ever have been in the past.

I can take a few moments to point out the areas in which we have been able to have excellent federal-provincial cooperation. The Provincial Treasurer was mentioning, just the other day, the ability to protect the renters against the cost of taxation, and being able to have that accomplished through cooperation with the federal government. We've had, up to now, excellent cooperation in the development of the Suffield Block. We've had excellent cooperation with the Minister of Municipal Affairs in establishing the Alberta priorities in housing. We signed a program, a new neighbourhood improvement program, the first province into it, the program will allow Albertans to participate with priorities that we think are important.

We've had a breakthrough, Mr. Speaker, and I think we refer to it fairly often, but I think it's important. We've had a breakthrough in the Department of Regional Economic Expansion. There is no question that the situation we inherited was virtually impossible and discriminated against 80 percent of this province. We've been able - and I might say, again most people are saying don't even try, because you can't get that - to have those programs of that department extended to where they will cover the entire province. There is no secret about it, it will be based on merit. If you can prove that you fit certain principles then you will get assistance through that program. If that program goes, it will be within Alberta priorities.

We have had excellent co-operation in environmental matters. We have had excellent cooperation you wonder how it could happen in some cases - with the minister responsible for the wheat board and our Minister of Agriculture. We have been able to reach agreements in the area of manpower and labour, employment, joint federal-provincial meetings - sometimes I would shake my head and wonder how we got them.

The Minister of Health and Social Development today was explaining the new family allowance program, excellent federal-provincial cooperation.

There is the breakthrough we made after we talked about transportation. A member of our civil service who has worked and sweated in that area for some 20 years is prepared to say that there was more progress made in two days than he had seen in the previous 20 years. He was excited and he is working probably harder than he has ever worked in his life to make that valuable to this province.

So, Mr. Speaker, there is no question in my mind that there are conflicts. Those conflicts are the result of traditions being broken that some people don't like. If it gets a little hot now and we are expected to back off from the real legitimate position which Alberta wants in this Confederation, then it is going to get hot and hotter because we are not backing off on these issues.

The hon. Member for Wetaskiwin-Leduc, Mr. Speaker, I thought brought dramatically to the minds of the people in the Legislature the implications of the recent energy moves by the federal government. It seems that the potential I was talking of Alberta reaching - we are going to have to be able to control our destiny with those things that we own.

There is no question in my mind that if you have a federal government making a series of unilateral moves with resources that we own, you are going to have conflict on a federal-provincial basis.

I think we should consider the reasons behind those federal unilateral moves. If you will remember, when the export controls were placed on crude oil to the United States the federal government used as a reason that there was a crisis and a shortage in eastern Canada. That crisis and shortage never existed. As a matter of fact, that crisis could have been easily handled on a voluntary basis. Yet one more control, one more jurisdiction, had been established by the federal government in the name of an emergency.

We have had in the name of an emergency of foreign investment a federal act which does not spell out what they are going to do but merely says, in our judgment we will allow investment somewhere in Canada on certain criteria which we will determine. Now, there is lots of validity in the foreign investment arguments being carried on in this country today, but if that control is passed to the federal government, we then have another area in which it is able to determine a province's destiny.

We then had the inflation emergency being used in the case of the export controls and the freeze on gasoline prices and therefore wellhead prices. Well, let's assume from the great arguments which we have heard tonight from the Member for Spirit River in support of the National Energy Board and the federal government, that they have found that there was a problem with oil going out at lower than opportunity price it might be able to capture. Let's assume that we did establish that, and because there were some artificial reasons for the price going up out of proportion in the United States, Canadians might get caught up in those problems, perhaps foreign relation problems of the U.S. or others. What would have stopped a federal government from coming to the province and saying, let's discuss this issue because, frankly, we have some facts here we think should concern all Canadians. Let's lay the facts out.

What bothers me is that they didn't come. Then I question their motive. Because now I am thinking about the jurisdiction, the control they are reaching for. They knew that this government has a Canadian first priority policy statement on energy. They knew it. I am worried that because they knew it, they didn't come. We could have sat down and we would have recognized that need. I think within a recognition of their responsibility on a Canada-wide basis and a recognition of our jurisdiction, it would have been possible, under decent consultation, to come up with a manner of protecting that Canadian interest, recognizing Alberta's ownership jurisdiction and keeping out of this national energy conflict in many of the ways in which we are now.

Because they didn't come, I'm afraid that we have to give serious consideration to the kind of thing the Member for Wetaskiwin-Leduc was talking about. If it is in fact the federal government that is moving to control exports, control the wellhead prices, control your markets, control your investments, they will soon control your budget. They will soon control your growth and, in fact, they will have, in a backhanded manner, amended a constitution under which we have lived for years, which is clear in establishing jurisdictions and which is the basis on which this country has grown into such a wonderful place to live.

So, Mr. Speaker, I think all members of this Legislature have to think their way through these implications, not be caught up with the easy answers, the ones that appear to have been used to extract some extra months for this federal government from a state-control party which would love to see these kind of things, would love to get its hands on this kind of control. That's the kind of thing they are pushing for, unitarian state control. Frankly, Mr. Speaker, I feel that it would strangle not only the industry, but strangle the growth and potential of this province. Anybody who espouses those arguments is striking at the very heart of the Province of Alberta.

I would like, Mr. Speaker, to switch from the area of federal-provincial relations, except with this one final remark on that issue. In the next few months it is probably going to get tough. Albertans will be watching all of us to see the strength and where the support come from. I suggest that those of you who don't like the warmth in the kitchen go ahead and run for the hills. But Albertans will be watching you and, I am sure, judging who is going to stand up for their province.

Now, Mr. Speaker, one of the issues that we have always stressed in this Legislature, and as a party, is the diversification of Alberta's economy, involving a move away from the overreliance on the energy and resource industries and the agricultural industry which, in fact, are the two pillars of our economy. But we can only make that diversification on the basis of strength from those two pillars.

There is no question in my mind that the Minister of Agriculture has been moving in dramatic ways to strengthen and build the agriculture industry. There is no question that as we move on energy issues, we are going to have to walk the line of extracting for the people of this province their fair share for their non-renewable resources as they are sold, while also maintaining and allowing to grow the industry which has, in fact, allowed us to get to the standard of living that we are at now.

We are going to have to walk that line. It's a judgment line and it's not a difficult one, but governments accept it when they take office. It's clear in my mind that you will not do that by imposing on an industry conditions which strangle it, which allow a bureaucracy or a government any kind of state control to so strangle it that you kill it. If I thought that anything we were doing would do that, then frankly I for one would disassociate myself from it.

It is important to know that we have to expect and we have to enter into agreements which are going to allow the energy industries in this province to grow so that we have the strength to carry on the diversification I have discussed.

Now we had this very thing in mind when we tackled the Syncrude proposal. We had to walk the judgment line; we had to establish Albertans' fair interest. You had to allow the strength of the industry, of the participants, those who were putting up the risk capital. I'm certain the country, let alone Alberta, required that this development go ahead.

We've had some discussion that what the government should easily have done was just take the old royalty system and impose it on these participants. But we've already had a history that the old royalty system doesn't work in this area. This is a high-risk experimental mining operation which results in oil. You can't take something that doesn't fit that, impose it on it, and maintain the viability of that project. With the huge billions of dollars that we heard it would have extracted, there would have been under this old royalty system, in fact, no money for Albertans, no money for the participants because the development never would have got off the ground. So the government had to look at something different.

I think that those who bothered to read the Premier's letter to Prime Minister Trudeau that he tabled in the House the other day was able to get the Syncrude proposal in perspective and to realize the magnitude of the decision that was before the government.

Some of the more significant benefits are outlined in this letter; direct employment for 2,000 persons during the construction period, over 1,600 permanent new jobs for Canadians and further indirect employment benefit in excess of 8,000 jobs.

We can talk all we want about the percentage of Natives, northerners, easterners, Albertans and southerners, but if you don't even get it started, it's all academic. The real need is to get the development going and to do it on the best judgement possible.

The oil sands reserves, dedicated to the Syncrude project - this is another benefit resulting from the commitment which can be expected to be included in Canada's recoverable petroleum reserves. We know how important that is because the Energy Resources Conservation Board has made a dramatic increase in Alberta's proven reserves. They were able to take the history of the GCOS plant and move from potential or possible reserves to double or triple the conventional reserves that Alberta had remaining. The increase in other benefits ... the increase in recoverable petroleum reserves will dramatically improve Canada's reserve life index, result in greater protection for Canadian needs and justify a continuing high rate of conventional production.

A second oil sands plant will demonstrate the economic viability of such large-scale production projects so that investors will be encouraged to commit additional dollars to future oil sands development. Under Alberta's proposed plan, meaningful public participation will for the first time be available to Albertans and Canadians.

Research in and development of the Alberta oil sands will be significantly encouraged so that this energy resource will maintain its current lead over potential competitive forms of energy such as the Colorado oil shales.

It's all very well to say, who needs it now, why not just let it sit there. But we are living in a technological age. Things are coming into use now that people never dreamt of. We have the tremendous resources of our neighbour to

the south which have been directed, and directed with great success, it should be remembered, into winning a space battle. Whether they were right or wrong even to be in it, they went into it, they went into it with tremendous technological ability, they won it. They are carrying out things that few would have dreamt of, the man on the moon by 1970. In any event, they did it.

That technological ability can now be focused on a new issue, a new crisis that's facing them. I think it is being focused and will be developed. In fact, they are completely capable of establishing new energy sources, perhaps from harnessing the sun, perhaps from a breakthrough in gasification of coal, or the use of coal in other areas. Perhaps in extracting from that tremendous resource which they presently have and which we have a lead over; not a great lead, we estimate perhaps four years. We have heard from some U.S. people that we don't have much of a lead at all. In fact, I saw recently that there is a firm which feels it is now capable of extracting oil from the Colorado oil shales.

We are living in that kind of age. One of the most important benefits here is the one just mentioned. Research in and development of the Alberta oil sands should be significantly encouraged so that this energy resource will maintain its current lead over potential competitive forms of energy. The remaining major significant matter is that we will have a direct infusion of capital expenditure in the Canadian economy in excess of a billion dollars.

Mr. Speaker, the reason I am going into that is because I want to put into perspective what the government was faced with, the risks and the potential. It's important to know that we had the timing of the plant in relation to the technological process. We have one struggling plant in existence now; one struggling plant. We have a potential for ten, twenty-five, a hundred ... I don't think anyone can tell you exactly because we are dealing in experimental matters and scientific breakthroughs.

But we are now getting the second one going. We have to get the second one going for the reasons I've just explained. We have to get it going in a basis that will allow the risk money to be spent without diverting from the government's expenditures, for schools and roads and things like that. I think, Mr. Speaker, that if you would consider the oil sands and the Syncrude development in this perspective you start to see what the government was facing.

So, Mr. Speaker, the government struck the agreement with the Syncrude people, and I suggest that it was a tough deal. I've heard it called equivalent to the Arabian deals that were being negotiated three or four years ago. Well, I'm not sure about that. We had today the mention of where we had tried to establish relations with the OPEC countries. Frankly, some have said that when they were sitting across from the Premier and the Minister of Mines and Minerals they were looking at blue-eyed Arabs right now, in Alberta. Maybe that's so, but we have had to take a certain stance in order to strike a hard bargain in this case.

Nevertheless, Mr. Speaker, I think we did. We struck a hard bargain but, I think, a fair one. We decided that the old royalties system would not work. Therefore, we established a royalty on a partnership basis which would allow the people of Alberta a 50-50 participation in the profits.

When I heard the Member for Spirit River-Fairview attempt to work his way around the Syncrude deal, it struck me that really he had pretty well had all the wind taken out of the arguments he has been able to make in the past about traditional deals, and was really struggling mightily to establish some way in which to attack this plan. He was talking about future agreements; hope they have this, hope they have that. Well, I can see in some ways that that is something which should be drawn to the government's attention. But frankly, the idea that there is any kind of sell-out or any kind of loss of control in this Syncrude deal is just not in keeping with the facts.

We have got control in many ways. We have got, as the Premier pointed out, the one legitimate concern that might be raised. What about the profit? If you are going to get half the profits, who is going to call what the profits are? Well, it was clearly stated during the Premier's address that the accounting manual which will identify the profits will be prepared by the government, will be approved by Order in Council, will work its way through the Treasury Department, probably through cabinet committees, into the full Executive Council and will be approved. How anyone can say that there won't be any control over the profits under that process, I just can't follow their reasoning.

We have legislation for control, as I'm sure any member who has been in government will be able to tell you. There is no question that this plant

operates within provincial legislation. The Attorney General has many times told me that the government has remarkable powers, through legislation, to do literally whatever it wants to do.

We have our full partnership position as the Alberta Energy Company, should they exercise their option. So they will be part of the agreement, part of the profits. And by the way, it cuts both ways in that regard, Mr. Speaker. Let's all remember, if Albertans are holding 20 per cent interest in this plant we don't want the government taking so much that it in fact restricts Albertans' opportunity to participate, not only through royalties and profits through the royalties, but also participation in equity ownership, a meaningful opportunity such as they have never had before.

Then of course, there is the fact that it's a 24 year life and this is a 10 year deal. That's a measure of control. As a matter of fact, a 5 year option for reopening unforeseeable matters which might come up was written in. I can't understand the sell-out argument, I can't understand the loss of control argument. It just doesn't make sense to me that you can't establish what profits are. They don't make sense to me.

Now, we did have a point raised about what happens if your monitoring establishes that they are doing something goofy or that they are trying to beat you. Well, obviously we have established a tentative agreement. We are going to develop a total agreement, with all the defaults and cancellations that are in any comprehensive agreement. In the event that there is a breaking of the trust, in the same document we have open to us those things which are open to any two parties to an agreement. So I find a great deal of difficulty in following the argument that this isn't a tremendous opportunity for Albertans.

There was some other mention, I have a note here that some of it will be kept secret or confidential. Now I don't know, I think that that must be just projecting into the future, because its always been the policy of the government to keep things in the open. We have recognized that when you are fooling with matters ...

MR. LUDWIG:

Wake up.

MR. GETTY:

... which would harm the competitive ability of an important industry, if it would harm the competitive ability, well then obviously you don't publicize it to give your competitors some unfair disadvantage. I don't see anything wrong with that.

But surely, anybody who's got any question to ask about this agreement, or about future matters relating to this deal, because it's so important to the Province of Alberta, surely they should document those questions. Document them now, place them on the Order Paper, and I think that they can be dealt with. Far more efficient to deal with it that way, than guessing what one clause means, as with all respect, was asked today. Because that one clause wasn't the only clause that dealt with income over five years at the plant. There were several clauses. I think the minister was perfectly right to say, look, there are other ways to get into a judgement on the strength or otherwise of a particular clause.

So let's see them on the Order Paper. Spell them out and they can be answered in the best way possible. If in the future there are questions, let's hear them too. As I said, probably with the caveat of protecting the competitive nature of this industry, they'll all be out for everybody to study to their hearts content.

So, what have we been able to establish? As I started to say, we have a partnership. We have unlimited options because we now have a model from which to work, which is a breakthrough. We have, I think, an exciting variety of options, because I think you can raise one, or lower one, but you're going to learn with this one. You're going to have to get it off the ground in order to learn. We have, as I said, a breakthrough because we are a partnership with private enterprise which allows us to share the profits on a 50-50 basis. We have an option to participate after the majority of the risk has been reduced. One of the five partners.

There was some question about our putting up all the equity. Are they able to do it on a financing basis with debt? Well, what's so magic about them doing it on a debt equity basis? Perhaps the Alberta Energy Company will do it on the

same basis. I don't see where there are any restrictions on how the Alberta Energy Company raises the funds which it might invest in Syncrude.

We also, of course, have the pipeline - by the way, Mr. Speaker, there are a lot of pipelines built across this province, but this is the first one which has been guaranteed that Albertans have the right to invest in and control on a majority equity basis.

We have had the opportunity to start at 80 per cent of this pipeline. Anybody who is thinking about the deal will say, I suppose then that every pipeline that's built, every expansion that runs from this tremendous resource to a market, well then I guess if you think about it the Alberta Energy Company is going to be able to invest in that pipeline, probably at least 80 per cent and maybe more. Think about it, I think that's a tremendous investment opportunity. I'm sure that as people think about it they will realize the validity of this agreement.

We can then go to the no-risk power utility. It was part of the total deal with GCOS, but this time it's been isolated so that Albertans get a 50 per cent interest.

We all know about power plants. They operate as utilities and they are sure money-makers. Well, think about that. Does that mean then that for every power plant that's built to support these tremendous facilities in the future, Albertans are also going to get probably as a base, 50 per cent of that sure money-earner as well? Well, you know, draw your own conclusions. But let's just consider what we've been able to establish on this model.

Then of course, Mr. Speaker, we have developed the Alberta Energy Company to make all of this in a way work as a package for Albertans.

Now, we had one happy experience in the past and that was Alberta Gas Trunk Line from the previous administration, which I thought was an excellent idea with some problems. Most Albertans who had an opportunity to invest in Alberta Gas Trunk Line which, after all, was the passing of a monopoly to do something, to carry gas in this province, to the people to invest in it. I think it was a good plan, except it had a problem. Albertans got the shares, yes, but who owns it now? Well, it's called Alberta Gas Trunk Line and we have some measure of control through an act. We also have a management which is attempting to reflect the Alberta interests and, as far as I can see, are. If you check the ownership of the Alberta Gas Trunk Line Company you find that it is owned in Ontario, 80 per cent of the ownership is in Ontario. I believe the last figures are that the largest single shareholder is the CPR. They are also with TransCanada Pipelines. So there are problems with the deal and there was a hole in the deal. And that is, where did the ownership end up?

So we said, let's try to plug that hole. We think we've come up with a way to do it that we hope Albertans like. We think they will. Because if you are going to put in the kind of valuable things that we were able to negotiate in that Syncrude deal - and think about how valuable they are - you're going to take a unique opportunity for Suffield and are going to allow Albertans to participate in that. By the way, in addition to the royalties, they'll be getting all the royalties they always would get, but they are now also going to participate in the ownership through the Alberta Energy Company.

If you are going to do that then you've got to be sure of where the control of that company lies. The way we decided to do it is that the government would invest dollar-for-dollar with Albertans. So 50 per cent of these shares would be held by the government. Control would always rest with the people of Alberta through their ownership. We hope they will buy shares and hold those shares - but for sure, through the government. And somebody said, why 50 per cent, why not 51 per cent? I think the Premier's answer was, well listen, I'll always have 100 shares anyway, and I'll throw them in with the government's 50 per cent, and we're sure of control.

So, Mr. Speaker, I think that the thing to do with what we've been able to develop with the breakthrough in this model on Syncrude is not to run around it trying to poke holes in it, but to think about it, to appreciate the conditions that the government faced. Appreciate what it means to Canada and Alberta to get that resource going. Appreciate the tremendous potential that we have there and the potential of the Alberta Energy Company. Appreciate the options that are now open for the government as further oil sands plants come into being.

Appreciate those things, Mr. Speaker. I think what we should have in this Assembly, in any event and because this Assembly has such tremendous influence with the people, we should have complete endorsement. Let's get out and sell

this new idea to make sure that Albertans back it. That is a tremendous part of our development in the future.

Thank you Mr. Speaker.

MR. LUDWIG:

Mr. Speaker, I beg leave to adjourn debate.

MR. SPEAKER:

May the hon. member have leave to adjourn the debate?

HON. MEMBERS:

Agreed.

MR. HYNDMAN:

Mr. Speaker, I move the House do now adjourn until tomorrow afternoon at 2:30 o'clock.

MR. SPEAKER:

Having heard the motion by the hon. Government House Leader, do you all agree?

HON. MEMBERS:

Agreed.

MR. SPEAKER:

The House stands adjourned until tomorrow afternoon at 2:30 o'clock.

[The House rose at 10:52 o'clock.]