

LEGISLATIVE ASSEMBLY OF ALBERTA

Wednesday, December 5, 1973

[The House met at 2:30 o'clock.]

PRAYERS

[Mr. Speaker in the Chair]

INTRODUCTION OF VISITORS

MR. LOUGHEED:

Mr. Speaker, I have the privilege today to introduce to you a group of high school students from my constituency of Calgary West, from a high school which, of course, is very prominent and has a tremendous athletic and scholastic record within my city, Calgary. In particular, I think all members of the Legislative Assembly will appreciate the fact that I, sitting in this particular seat, am going to ask you to join with me in a very rousing welcome to 40 students, and their teachers, Miss Hazel Brown and Mr. John Dych. They are from the Ernest Manning High School in Calgary West.

MR. J. MILLER:

Mr. Speaker, it is my pleasure to introduce to you and through you to the members of this Assembly, 35 Grade 12 students from Paradise Valley which is in my constituency. They are accompanied by their teachers, Mrs. Teasdale and Mr. Babcock and are seated in the members gallery. I would ask that they now stand and be recognized.

ORAL QUESTION PERIOD

Syncrude

MR. CLARK:

Mr. Speaker, I'd like to direct a question to the Provincial Treasurer and ask if the government has been successful in getting the federal government to agree to the profit-sharing portion of the Syncrude agreement.

MR. MINIELY:

Mr. Speaker, in reply to the hon. leader, discussions and meetings are still underway and we hope to be reporting, perhaps before the conclusion of this sitting.

MR. CLARK:

A supplementary question to the minister, Mr. Speaker. Is the government at this time negotiating a new contract with Syncrude dealing with the cost-sharing feature?

MR. MINIELY:

Well, Mr. Speaker, I think that at the time we report, we will be able to report exactly what the conclusions of the discussion have been.

MR. CLARK:

Mr. Speaker, a supplementary question to the minister. Has the province been able to get the federal government to agree to let synthetic crude from the Syncrude project find its place on the world market - the world price? Have you been successful in those negotiations?

MR. MINIELY:

Well we hope, Mr. Speaker, that we are able to report on that matter at the same time.

MR. CLARK:

Mr. Speaker, one last supplementary question on this matter to the Provincial Treasurer. Before the government makes an announcement in the Assembly, are you going to clear the whole issue with the federal government prior to making an announcement in the Assembly, across the airways or wherever you choose to do it?

MR. MINIELY:

Mr. Speaker, the negotiations have been going on between the federal government, Syncrude and the Alberta government. The announcement, when we make it, would be that all three are in agreement.

Separate School Board - Assessment

MR. CLARK:

Mr. Speaker, a question to the Minister of Education. Is the government in a position to indicate that it is prepared to buy the proposition - put to it by separate school trustees, concerning the question of assessment - that the percentage of students from an area attending separate schools, that the school board would get an assessment equal to the percentage of students - especially in light of the Fort McMurray, Edmonton and Calgary situation?

MR. HYNDMAN:

Mr. Speaker, this is one of the dozen or so issues that is on the educational horizon at any time. In discussing and assessing the issues raised by the subject just referred to, we certainly have been exploring with boards, in some cases, alternative approaches. Within a matter of days I will be approaching the Alberta School Trustees' Association. Insofar as they are some 1,000 trustees strong and representative of both the public and the Catholic systems in the province, I'll certainly be looking initially for their advice and some suggested alternative solutions.

This morning this issue was put before the provincial-municipal finance council with a view to seeking its advice on the matter. I would say to the House at this time that I would look forward to, and would be anxious to receive, views of all individual members of the Assembly on this important issue within the next two or three weeks.

MR. SPEAKER:

The hon. Member for Macleod followed by the hon. Member for Drumheller.

Syncrude Personnel

MR. BUCKWELL:

Mr. Speaker, my question is to the Minister of Manpower and Labour. What specific policies does the department have and what programs have been investigated regarding the hiring, training and placing of Native people in the Syncrude project?

DR. HOHOL:

Mr. Speaker, the training program and the on-the-job experience type of arrangements are, as other programs, being developed at the present time between Syncrude and ourselves. As a matter of fact I am meeting with some of my staff and Mr. Spragins of Syncrude and his staff on this very subject at noon tomorrow.

MR. NOTLEY:

A supplementary question to the hon. minister. Can the minister advise whether representatives of the colleges, NAIT, SAIT and the universities are being actively consulted for their input into manpower training programs with respect to tar sands development?

DR. HOHOL:

Yes, Mr. Speaker, even before the public hearings on The Apprenticeship Act. We have had discussions with both institutions on our initiative and theirs as recently as this noon, in a meeting of the cabinet committee on education. The matter of training, retraining, upgrading, getting people ready for the work in northeastern Alberta - including, not solely, the matter of Syncrude but others as well - was a consideration of the education ministers, myself and the Minister of Industry and Commerce.

DR. BOUVIER:

A supplementary, Mr. Speaker. Have there been any new developments in the flying of people to work in the Syncrude project?

DR. HOHOL:

Mr. Speaker, I was in correspondence very recently with the Mayor of Lac La Biche and also with the principal of the vocational centre at Lac La Biche. We exchanged information on the matter of moving people from Lac La Biche to the Syncrude site. Several alternatives are being examined by us and the principals at Lac La Biche. While we have no definitive answer at the moment certainly the proposal has not been turned down and it is likely that two or three modes of moving people and other ways of giving them the opportunity to work at Syncrude will be tried. The most workable ones will be fused into the labour force at Syncrude.

MR. SPEAKER:

The hon. Member for Drumheller followed by the hon. Member for Pincher Creek-Crowsnest.

Syncrude - Power Plant, Pipeline

MR. TAYLOR:

Thank you, Mr. Speaker. My question is for the hon. Minister of Mines and Minerals.

Have plans - regarding a pipeline from Fort McMurray and the power plant - to serve the needs of Syncrude been finalized?

MR. DICKIE:

No, Mr. Speaker.

MR. TAYLOR:

A supplementary, Mr. Speaker. Has any decision been made on the size of that pipe?

MR. DICKIE:

No, Mr. Speaker, not to my knowledge. There have been discussions but I don't think there have been any finalized plans and recommendations dealing with the actual size.

MR. TAYLOR:

A supplementary, Mr. Speaker. Is the government at this time insisting on a pipe large enough to carry the oil of several companies in the future, with the idea of each paying its share and perhaps that share being paid for by the government at this time?

MR. DICKIE:

Mr. Speaker, the size again is one of the areas that has been discussed. Whether it would carry more than just for Syncrude has been discussed, but the exact arrangements haven't been finalized.

MR. TAYLOR:

One further supplementary, Mr. Speaker. Has the hon. minister any dates when the construction of the pipeline may be commenced?

MR. DICKIE:

No, Mr. Speaker.

MR. SPEAKER:

The hon. Member for Pincher Creek-Crowsnest followed by the hon. Member for Spirit River-Fairview.

Weather Modification Program

MR. DRAIN:

Mr. Speaker, my question is to the hon. Minister of the Environment. The question is, is his department intending to monitor the weather modification program authorized by the Montana State Legislature, with a view to determining what implications this will have on the weather pattern in southwestern Alberta?

MR. YURKO:

Mr. Speaker, the provincial government isn't involved in this area of concern, however the earth satellite will be taking pictures constantly of this part of the country and any major variations will show on these photographs and will be interpreted in Ottawa.

MR. SPEAKER:

The hon. Member for Spirit River-Fairview followed by the hon. Member for Cypress.

Ethane Production - Dow Chemical

MR. NOTLEY:

Mr. Speaker, my question is to either the hon. Minister of Industry and Commerce or the hon. Premier. Can the minister advise the House whether it is true that a large proportion of the ethane produced by the proposed Dow Chemical complex will be exported to the United States rather than being further processed in Canada?

MR. PEACOCK:

Mr. Speaker, Dow has informed us, and it will certainly be one of the conditions, that the needs of Alberta and secondly the needs of Canada will be met before any ethylene is exported.

MR. NOTLEY:

Mr. Speaker, a supplementary question to the hon. minister. Can the minister tell the House whether the Dow project is contingent on a favourable decision on the application now before the National Energy Board to export to the United States?

MR. PEACOCK:

Yes, Mr. Speaker.

MR. NOTLEY:

A further supplementary question, Mr. Speaker. Can the minister advise the Assembly whether it is true that the government has received a proposal from Alberta Gas Trunk which was based on total processing in Alberta, and further, does the government consider the Alberta Gas Trunk proposal and the Dow proposal to be mutually exclusive, or does it see both projects proceeding simultaneously?

MR. PEACOCK:

Mr. Speaker, we consider that both projects can go forward. We're looking at an estimated reserve of ethane within the gas strains of varying estimates, but certainly sufficient to allow both projects to go forward.

MR. SPEAKER:

Perhaps we could come back to this topic after a final supplementary by the hon. Leader of the Opposition.

MR. CLARK:

Mr. Speaker, I'd like to direct a supplementary question to the minister, and ask the minister who was representing or looking after the interests of the Province of Alberta at the National Energy Board hearings which the Dow go-ahead here in Alberta revolves around?

MR. GETTY:

Mr. Speaker, perhaps I could shed some light on that for the hon. member.

The policy of the Government of Alberta is to be fully aware of what is going on in the National Energy Board hearings in Ottawa. It is not our policy as a government to appear before a federal regulatory body, but rather to deal directly with the Government of Canada.

MR. CLARK:

Mr. Speaker, in light of the answer, could I ask the minister one further supplementary question? In other words, the Government of Alberta has not a watching brief at these National Energy Board hearings dealing with the Dow matter?

MR. GETTY:

No, that's not correct, Mr. Speaker. We are fully aware of what is going on in the National Energy Board hearings at all times.

MR. SPEAKER:

The hon. Member for Cypress followed by the hon. Member for Calgary McCall.

Hydro-electric Energy

MR. STROM:

Thank you, Mr. Speaker. My question is to the hon. Minister of Telephones and Utilities. Does the government have any long-range plans with respect to the development of Alberta's hydro-electric energy potential?

MR. FARRAN:

Yes, Mr. Speaker, these plans for Alberta's future demands in the field of electricity are being studied at the present time.

MR. STROM:

A supplementary question, Mr. Speaker. Are there any plans for developing any specific additional hydro-electric sites at the present time?

MR. FARRAN:

Mr. Speaker, the order of priority of development of these plants is presently under consideration, but there are a number of potential hydro sites still in the province.

Syncrude - Power Plant

MR. STROM:

A final supplementary, Mr. Speaker. Could the hon. minister tell us when work will proceed on the power plant for the Syncrude project? Will the plant be utilizing cheap Alberta gas?

MR. FARRAN:

Mr. Speaker, in the case of the power plant for Syncrude, the first power plant will be utilizing gas, not in any great quantity in terms of general power plants. The gas is also being used for the generation of steam for the separation process.

However, the possible use of hydro power at such places as Crooked Rapids and Slave River for future oil sands plants is presently under consideration.

MR. STROM:

Mr. Speaker, I believe the hon. minister may have missed one part of my question. Could he tell us when work will proceed on the Syncrude power plant?

MR. FARRAN:

Mr. Speaker, if the hon. member is asking for a specific date of start of construction I'd take that under advisement and see if I can provide him with an estimated target.

MR. STROM:

An approximate date, Mr. Speaker, would suffice.

MR. SPEAKER:

The hon. Member for Calgary McCall followed by the hon. Member for Drumheller.

Alberta Housing Corporation Director

MR. HO LEM:

Mr. Speaker, my question today is directed to the Minister of Municipal Affairs. Will the minister indicate to this House if the position of president of the Alberta Housing Corporation has been filled as yet?

MR. RUSSELL:

Mr. Speaker, no such position exists under the statutes now in force. The vacant position is [that of] executive director and we are looking for a person suitable to fill that or some similar position.

MR. HO LEM:

A supplementary, Mr. Speaker. Would the minister care to outline for the information of this House, the reasons for Mr. Landsky's resignation or firing?

MR. RUSSELL:

Yes I would care to, Mr. Speaker.

MR. HO LEM:

Will he proceed, Mr. Speaker?

MR. RUSSELL:

Mr. Speaker, I think the hon. member misinterpreted me. I meant yes, I would mind.

There is a very good reason for this, Mr. Speaker. The terms of the settlement with Mr. Landsky are presently a matter of independent arbitration and I wouldn't want to make any public comment until that matter is settled.

MR. HO LEM:

Mr. Speaker, I have a supplementary question directed to the Attorney General. Have any legal proceedings been initiated by the government, or by a member or members of the corporation staff, as a result of the events surrounding Mr. Landsky's departure?

MR. LEITCH:

I'm not aware of any, Mr. Speaker, but I'd be pleased to check and give the hon. member such additional information as I am able to get.

MR. SPEAKER:

The hon. member ...

MR. HO LEM:

A final supplementary, Mr. Speaker, to the Minister of Municipal Affairs. What steps has the minister taken to improve the staff morale at the Alberta Housing Corporation, in that there are at the present time ...

HON. MEMBERS:

Order, order.

MR. SPEAKER:

Order please. The hon. member's question is loaded which as the hon. member knows is contrary to 171 of Beauchesne and furthermore I doubt that it's supplementary.

The hon. Member for Drumheller followed by the hon. Member for Vermilion-Viking.

Mackenzie Valley Pipeline Route

MR. TAYLOR:

Thank you, Mr. Speaker. I have a question to the hon. Minister of Mines and Minerals. Has the government given any consideration to a possible route through Alberta for a pipeline from Alaska, should that pipeline proceed?

MR. DICKIE:

Mr. Speaker, there have been discussions dealing with the question of a Mackenzie Valley natural gas pipeline, if that's what the hon. member is referring to. We have had a number of discussions concerning the route that might be followed.

MR. TAYLOR:

One further question to the hon. minister, Mr. Speaker. Did the conference you mentioned some time ago in answer to a previous question, materialize? Were there any definite results forthcoming from that conference?

MR. DICKIE:

Mr. Speaker, I think the hon. member is referring to a pipeline conference as was to be carried on by the Alberta government with the federal government. We had a number of discussions with the federal government but the times and the dates were continually being delayed at the request of the federal government. That pipeline conference has, as a result, not been carried forth.

MR. TAYLOR:

A supplementary. Is the government still pursuing the matter of the conference on pipelines?

MR. DICKIE:

Mr. Speaker, the last occasion we talked to the federal government on it, it was the general feeling that if there were such a conference, it should be by the provincial government with the federal government. Their feeling at that time was, with the possible hearing before the National Energy Board on the applications dealing with the Mackenzie Valley natural gas pipeline, that it should wait until those hearings were at least commenced before the conference would be really meaningful.

MR. TAYLOR:

A supplementary to the hon. Minister of the Environment. Does the hon. minister foresee any great environmental problems in this pipeline if it comes through Alberta?

MR. YURKO:

Mr. Speaker, we don't envision any great environmental problems, but we do envision environmental problems. We have had a number of discussions with Gas Arctic with regard to route - the manner of river crossings - and we have indicated to the company that when and if the line comes through, an environmental impact assessment will be required.

MR. SPEAKER:

The hon. Member for Vermilion-Viking followed by the hon. Member for Lac La Biche-McMurray.

Syncrude - Personnel Training

MR. COOPER:

Mr. Speaker, my question is directed to the Minister of Advanced Education. Has the Department of Advanced Education established liaison with the Syncrude project officers to ensure that some courses offered at NAIT, SAIT and the Vermilion college are relevant to the requirements of the project?

MR. FOSTER:

Yes, Mr. Speaker, not only that, but we have established I think a good working relationship with other departments of government to ensure - as my colleague, the hon. Minister of Manpower and Labour remarked a moment ago - that we are on top of the situation from a planning point of view. We have, as the hon. member knows, examined the training capability of several institutions north of Edmonton including Edmonton, NAIT and the Vermilion college. We have the capability there to respond to the requirements which we foresee for Syncrude, should the project be approved.

We are satisfied, Mr. Speaker, we have the current capability, perhaps with some modifications from a capital point of view, to meet the manpower requirements for the area although we know it will call upon the cooperation and full resources of everyone involved.

MR. SPEAKER:

The hon. Member for Lac La Biche-McMurray followed by the hon. Member for Calgary Millican.

Tar Sands - Japanese Involvement

DR. BOUVIER:

I'd like to address my question, Mr. Speaker, to the hon. Minister of Mines and Minerals. In view of the energy crisis, especially in Japan, has there been any renewed interest by the Japanese for development of a tar sands plant?

MR. DICKIE:

Mr. Speaker, on the occasions that we have met with the Japanese representatives, they have indicated considerable interest in the Alberta oil sands. But lately - I'd say within the last two months - we haven't had any meetings with them.

DR. BOUVIER:

A supplementary, Mr. Speaker. How many applications would there be now before the Alberta Energy Resources Conservation Board for development of tar sands plants?

MR. DICKIE:

Mr. Speaker, there is just one presently before the Energy Resources Conservation Board and that's the Shell application.

Tar Sands Development

MR. SORENSON:

A supplementary to the minister. When can we expect a government policy paper as to the government's expectations on tar sands development?

MR. LOUGHEED:

With regard to that matter, I believe that our view at the moment is that during the first half of 1974, we hope to be in a position to present to the Legislature if it's in session - or if not, to the public and hence distribute it to the members - a paper with regard to policy and policy guidelines for Alberta oil tar sands development.



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This will include rather general and broad guidelines but we think they are necessary, because what we are now faced with is some concern expressed by various groups as to whether the situation is that the first ones to make application have an advantage in terms of future plants. It's our feeling that is not a fair position to leave them in, having regard to the lease position we inherited.

So for that reason we think it's important for us to establish some guidelines, both in terms of the degree of Alberta and Canadian public ownership that we would foresee in the future. Of course, I'm sure all members are aware that we see an ever-increasing degree of Alberta and Canadian ownership together with other provisions.

MR. LUDWIG:

You faked that one beautifully!

MR. TAYLOR:

Supplementary, Mr. Speaker, to the hon. Minister of Mines and Minerals. Is the estimate of some 30 tar sand plants within the next few years a reasonable estimate according to the government?

MR. DICKIE:

Mr. Speaker, I have heard various figures and I don't think at this time we would be in a position that we would want to comment on that. I might recommend to the hon. member, though, to read the report by the Chairman of the Energy Resources Conservation Board, Dr. Govier, in which he comments on those facts.

MR. NOTLEY:

Supplementary question. In light of the minister's answer, can the Premier advise the House whether or not the position paper will also include the pace of development that the government envisages?

MR. LOUGHEED:

Mr. Speaker, I am sorry, I should have added that. The paper or statement will in fact describe in general terms the pace of development and the nature of development, both in terms of a number of alternatives that are available, such as number of mining operations proceeding at once, together with perhaps one extraction plant or things of that nature. But the pace of development would be included within the paper, not just the question of ownership.

MR. TAYLOR:

Supplementary, Mr. Speaker, to the hon....

MR. SPEAKER:

Might this be the final supplementary on this.

MR. TAYLOR:

... to the Premier. Is the government anxious to receive more applications for development of the oil sands at this time?

MR. LOUGHEED:

Mr. Speaker, I think the answer to that is clearly yes. But on the other hand I think although the word "application" was used in the question certainly we would welcome expression of interest or proposals from any source - whether they be existing lessees, other provincial governments, other nations - from any source by way of proposal. But we are in the position that we have to tie that into the lease position that was placed before the members of the Legislature in October and relate it to that.

MR. SPEAKER:

The hon. Member for Calgary Millican followed by the hon. Member for Medicine Hat-Redcliff.

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Imperial Oil Refinery, - Calgary

MR. DIXON:

Mr. Speaker, I would like to direct my question today to the Minister of Industry and Commerce. It is regarding the Imperial Oil refinery at Calgary. Could the minister give the Legislature any further information regarding the future of the refinery or is it still planned to phase it out?

MR. PEACOCK:

Mr. Speaker, it certainly isn't planned to phase out the refinery. Imperial Oil is cooperating with two groups, one an operating group and the other a management group, to take on the Imperial Oil refinery in Calgary. From the information that I have had, in consultation with both groups, they had been receiving excellent cooperation in regard to Imperial Oil in doing just that.

MR. DIXON:

A supplementary question to the minister, Mr. Speaker. Has there been any application or indication of financial assistance been made of the province by the people concerned - those who are planning to take it over?

MR. PEACOCK:

Mr. Speaker, not directly. The section of the operating group, which is 40 per cent of the company formed by the employees, have had informal conversation with me as to the sources of funds for this group in the event that they require them, either from a federal source or from a provincial source, and that is all.

MR. SPEAKER:

I wonder if we might just cut down on the number of supplementaries until we have covered the first round of questioning. We still have quite a number.

The hon. Member for Medicine Hat-Redcliff followed by the hon. Member for Calgary Bow.

Suffield Block

MR. WYSE:

A question, Mr. Speaker, to the hon. Minister of Federal and Intergovernmental Affairs. I believe it was on October 10 that the hon. Premier stated that a position paper on Suffield and its relation to the Alberta Energy Corporation would be tabled at this fall session. My question is: is this statement still valid?

MR. GETTY:

Mr. Speaker, I believe it was the other way around. The Premier advised that during this session of the Legislature a position paper on the Alberta Energy Company would be presented, and in the context of the Alberta Energy Company there would be included in that position paper the Suffield Block development.

MR. WYSE:

Supplementary question then, Mr. Speaker. Has the provincial government made a formal submission to the federal government, as of now, regarding the transfer of the surface rights back to the provincial government on the Suffield Block?

MR. GETTY:

Mr. Speaker, the departments of the government are dealing with the federal government now and the Department of National Defence as to the surface uses for the production of natural gas, surface uses as indicated by the hon. Member for Hanna-Oyen who felt there should be an additional use for grazing of cattle, the interests of people that the area be protected in an environmental park, interests of it being used in a research capacity, the interests of the people of Medicine Hat that there be a training camp for Commonwealth military forces so that they will have an economic impact on the city of Medicine Hat. All of these things are involved in the discussion.

MR. SPEAKER:

Possibly we could come back to this.

MR. WYSE:

I don't think he answered my question.

MR. SPEAKER:

The hon. member is entitled to have that opinion.

[Laughter]

The hon. Member for Calgary Bow followed by the hon. Member for Edmonton Calder.

Contracts with Government

MR. WILSON:

Mr. Speaker, I'd like to direct a question to the hon. Attorney General. Would the Attorney General care to confirm, deny or elaborate on recent statements attributed to him regarding sanctity of contract?

MR. SPEAKER:

There is grave doubt in the mind of the Chair whether that's an appropriate question for the question period. It would certainly involve debate. Possibly it might be raised in discussion in committee on an appropriate bill.

MR. WILSON:

Thank you, Mr. Speaker. I will try to reword the question in a more suitable form.

Would the Attorney General advise this House on the government's rationale behind unilateral breaking of contracts?

MR. SPEAKER:

The hon. member's question is still a matter - in dealing with a rationale, one is debating. There is no provision at all for that. The Chair is obliged not to permit debate in the question period.

I would suggest the hon. member take up this matter as well in the committee stage of an appropriate bill.

AN HON. MEMBER:

Strike three and you're out.

MR. WILSON:

I'd like to try a third time.

What other contracts, other than royalties, can Albertans expect the government's current principle to be applied to?

[Interjections]

AN HON. MEMBER:

You struck out.

MR. SPEAKER:

If the hon. minister wishes to attempt that question, the Chair should not stand in the way.

MR. WILSON:

Thank you.

AN HON. MEMBER:

Volunteers?

MR. LEITCH:

Mr. Speaker, I'd be delighted to respond to that question, and actually comment on the other two that the hon. member raised at such an inappropriate time. But I'm afraid, having regard to the limits of time available in the question period, that I should deal with it at a more appropriate time during the sittings of the House.

AN HON. MEMBER:

We'll remind you of that.

MR. WILSON:

Mr. Speaker, could the hon. Attorney General advise the House when he feels would be a more appropriate time or could he be more specific as to what piece of legislation he may answer those questions under?

MR. SPEAKER:

Order please.

The hon. Member for Edmonton Calder followed by the hon. Member for Wainwright.

Oil Shortage - Eastern Canada

MR. CHAMBERS:

Mr. Speaker, my question is for the hon. Minister of Mines and Minerals. I'm wondering what the minister is doing by way of monitoring or looking into the extent of the oil shortage that might exist in eastern Canada.

MR. DICKIE:

Mr. Speaker, we are monitoring a possible crude oil shortage in eastern Canada and I would say we are doing that in two ways.

One, there has been established by the federal government a technical advisory committee. That has been meeting, starting with the first Tuesday in November and every Tuesday since that time. A representative of our department attended the meeting yesterday and reported the results. That would be the first way we would be monitoring it.

The second way would be that during our discussions with representatives of the Province of Ontario and the Province of Quebec, when we discussed the possible crude oil shortage in those provinces, we suggested that our respective officials meet to discuss possible shortages during the various months.

I can recall that we particularly asked the representatives of Quebec if they would advise us as to the position in Quebec for the months of December, January and February. We have also suggested that it would be desirable if Ontario could do the same and in that way we could keep track of possible shortages in eastern Canada.

MR. HENDERSON:

Mr. Speaker, I wonder, in light of some news that came out of eastern Canada last night, could the minister indicate to the House whether their departmental monitoring carried on in this regard indicates that it is a crude oil supply problem, or a refinery capacity problem?

MR. DICKIE:

Mr. Speaker, in talking with our representative who attended the meeting, I would say that you have both a possible crude oil shortage - I think the figure has been mentioned in the range of 75,000 barrels - and there is also, however, in the Province of Ontario particularly, a refinery capacity problem.

MR. HENDERSON:

One further supplemental, Mr. Speaker. Has any information come to the minister's attention as to the implications of the announcement of the Shaheen refinery in Newfoundland? It has left the impression that that is going to rectify the problems in eastern Canada. I was wondering if the department's monitoring had cast any light on that particular issue?

MR. DICKIE:

Yes, Mr. Speaker. I have specifically asked about that question. I understand there is some confusion about it. There is a general indication, however, that the plant would go on stream in Newfoundland about December 15 and possible production from it might be about January 15. But because of these types of refineries, when they do go on stream there is some difficulty in the initial stages, they are really not anticipating anything of a significant amount before January 15. At that time we would be in a position to assess it again for the future months.

MR. SPEAKER:

The hon. Member for Wainwright followed by the hon. Member for Sedgewick-Coronation.

Gregoire Lake Park Expansion

MR. RUSTE:

Mr. Speaker, my question is to the Minister of Lands and Forests. Is the government considering expansion of the existing park at Gregoire Lake or the creation of new ones to serve the increased population expected upon the building of the Syncrude project?

DR. WARRACK:

Mr. Speaker, we opened the new park at Gregoire Lake Provincial Park this summer. I was in attendance at that opening, as was the MLA for the area. Our information thus far is that the Gregoire Lake Provincial Park will be able to handle the immediate needs. At the same time we are looking at alternatives related to possible expansion, should the project go forward and the population in Fort McMurray require additional capacity for recreational opportunity.

MR. RUSTE:

A supplementary question to the minister. Will any changes be made in the hunting zones in the area of the Syncrude project in view of the expected population increase?

DR. WARRACK:

Well I think we would address that problem when we came to it. Mr. Speaker, I think it would be fair to say that it is hypothetical at this early date.

MR. SPEAKER:

The hon. Member for Sedgewick-Coronation followed by the hon. Member for Ponoka.

Snowmobiles in Provincial Parks

MR. SORENSON:

Mr. Speaker, my question is to the hon. Minister of Lands and Forests. With much of the northern harvest still out in swathes and snowmobilers urged not to cavort around in these fields, will there be any softening of regulations to permit snowmobilers the use of provincial parks this winter?

DR. WARRACK:

For the most part, Mr. Speaker, there is not a great deal of relationship between the location of provincial parks and the areas where crops are out. I believe it is really the north central part of Alberta primarily rather than further north, as was the case the year before. In any case, Mr. Speaker, the views that have been reflected to me from the public of Alberta are very strong. They do not want snowmobiles in provincial parks aside from on the lakes within provincial parks that we have already made provision for.

MR. SPEAKER:

The hon. Member for Ponoka followed by the hon. Member for Lethbridge East.

CPR-CNR Freight Rates

DR. MCCRIMMON:

Mr. Speaker, my question is to the Minister of Industry and Commerce. I asked the question last October, Mr. Minister, if you had received the facts and figures on the CPR and the CNR freight rates on 24 items agreed on at the Western [Economic Opportunities] Conference last summer. At that time you had not. I ask again, Mr. Minister, have you received these facts and figures on the CPR and CNR freight rates on these items agreed on, to date?

MR. PEACOCK:

Mr. Speaker, there is a meeting on December 13 on behalf of the federal Minister of Transportation and the four western province ministers. At that time, if the federal government lives up to its commitment, we will have that information.

MR. SPEAKER:

The hon. Member for Lethbridge East followed by the hon. Member for Calgary Mountain View.

Energy - Possible Sources

MR. ANDERSON:

Mr. Speaker, my question is directed to the Minister of Telephones and Utilities. Is the government conducting, or has the government conducted any studies as to the feasibility of providing part of the electrical energy requirements of Edmonton, Calgary and Lethbridge through coal or nuclear power?

MR. FARRAN:

Yes, Mr. Speaker.

Syncrude - Power Plant (Cont.)

While I'm on my feet, I can give a reply to the question of the hon. Member for Cypress now. Provided that the signal is go for Syncrude, and provided that we can order the equipment on January 1, 1974, the foundation work for the power plant will be carried out commencing early summer, 1974.

Energy - Possible Sources (Cont.)

MR. ANDERSON:

A supplementary to the Minister of the Environment. Has the Department of the Environment made any study into the use of organic wastes as a possible energy source?

MR. YURKO:

Mr. Speaker, we have studied the incineration of wastes, but not the use of wastes for power production.

MR. SPEAKER:

The hon. Member for Calgary Mountain View followed by the hon. Member for Highwood.

Impaired Driving Charge

MR. LUDWIG:

Mr. Speaker, my question is either to the hon. Attorney General or the hon. Solicitor General. Has a minister of the Crown requested legal representation in magistrate's court on an impaired driving charge?

MR. SPEAKER:

Order please. The hon. member has sufficient experience to know that a personal matter of that kind is not proper to be raised in the question period.

MR. LUDWIG:

Mr. Speaker, on a point of order, these matters are always public information. They always have been. I'm referring to Mr. Justice Riley's case. These are public. These are not secret matters, Mr. Speaker.

MR. SPEAKER:

The House has no business enquiring concerning the affairs of Mr. Justice Riley or the private affairs of any cabinet minister or any member.

The hon. member ...

Check Stop

MR. LUDWIG:

A supplementary question to the hon. the Solicitor General.

SOME HON. MEMBERS:

Order, order.

MR. LUDWIG:

Is the Solicitor General keeping track of the number of impaired driving charges which are laid against people as a result of the dragnet operation under Check Stop?

MISS HUNLEY:

I find the term "dragnet" offensive, Mr. Speaker. It intends to cast a derogatory reflection on the Check Stop program which has been very widely accepted. I was hoping that we might have the support of members from this House.

For the information of this House and the hon. member, I receive reports weekly which give me the status of the number of vehicles checked and the number of offences that are recorded as a result of it.

MR. LUDWIG:

Could the hon. minister give us those figures if she has them?

MR. SPEAKER:

That is certainly a question which is suitable for the Order Paper.

The hon. Member for Highwood followed by the hon. Member for Edmonton Highlands.

MR. DIXON:

Mr. Speaker, I wonder if I could ask the hon. minister a question relating to the Check Stop program? I was wondering if there are a number of unlicensed drivers being picked up? Is there any indication that there are a number of unlicensed and uninsured drivers operating on our roads?

MISS HUNLEY:

Mr. Speaker, it's quite surprising - the number of infractions - because they are fairly low. I would be pleased to table the reports, either as received or monthly compilations, if the House is interested enough to have it put on the Order Paper as a Motion for a Return.

MR. RUSTE:

Mr. Speaker, a supplementary question to the Solicitor General. Are operators of skidoos, as such, checked under the Check Stop program?

MISS HUNLEY:

Not to my knowledge, Mr. Speaker, because the check points program operates on the highways and a skidoo shouldn't be on the highways.

MR. RUSTE:

A supplementary question, though, to the minister. Surely in many of our rural communities skidoos are permitted to cross highways to go to places of imbibement, shall we say? I was just asking whether or not these operators were checked at any time.

MISS HUNLEY:

I haven't specifically asked the police whether they have checked any skidoos. I would imagine that the possibility would be quite remote because the operation of Check Stop does not lend itself to checking skidoos, though there is probably a distinct possibility that they should.

MR. SPEAKER:

The hon. Member for Highwood followed by the hon. Member for Edmonton Highlands.

#### Fort McMurray Recreational Programs

MR. BENOIT:

My question, Mr. Speaker, is to the Minister of Culture, Youth and Recreation. Is the department now, has it in the past, or will it in the future be establishing a permanent office in Fort McMurray for the direction of recreational programs in that area?

MR. SCHMID:

Mr. Speaker, the Mayor of Fort McMurray has been informed that an office of the Department of Culture, Youth and Recreation will be established in that town due to the great development to be expected there in the future.

MR. BENOIT:

Mr. Speaker, a supplementary question. When will the office be established in Fort McMurray?

MR. SCHMID:

As soon as is possible financially and personnel-wise.

MR. BENOIT:

One final supplementary. Does the minister consider that the estimates passed for this last session included an office in Fort McMurray?

MR. SCHMID:

The estimates of the past session or for this fiscal year, Mr. Speaker, did not include the opening of an office in Fort McMurray. However, such a proposal may be submitted to the Legislature for approval for the next fiscal year.

MR. SPEAKER:

The hon. Member for Edmonton Highlands followed by the hon. Member for Camrose.

#### Oil Royalties

MR. KING:

My question, Mr. Speaker, is to the hon. Minister of Mines and Minerals. I would like to know whether or not the government plans to change its policy respecting a maximum ceiling on royalties and withdraw The Mines and Minerals Amendment Act in the light of Mr. David Lewis's expressed opposition to an increased royalty share for the people of Alberta on petroleum production?



MR. SPEAKER:

The hon. member has made an interesting submission.

[Laughter]

The hon. member ...

MR. KING:

Mr. Speaker, I really was asking whether or not the government plans to change a policy in the light of a submission that has been made by someone.

I'd also like to ask whether or not the government has received any information from the Government of British Columbia that they intend to rescind their royalty increases in the light of the opposition of the federal New Democratic Party?

MR. DIXON:

Mr. Speaker, I wonder if I could ask ...

MR. SPEAKER:

Is the hon. member volunteering to answer the question?

[Laughter]

MR. DIXON:

I would like to ask a supplementary question, Mr. Speaker, either to the Premier, the Minister of Mines and Minerals or the Minister of Federal and Intergovernmental Affairs.

I understand that this weekend the NDP caucus is going to meet. Mr. Lewis will be there and he's asking for a representation. I was wondering if the government or one of its departments is going to be there?

MR. SPEAKER:

The question is completely unobjectionable as to form.

The hon. Member for Camrose followed by the hon. Member for Clover Bar.

Camrose School Lunchroom

MR. STROMBERG:

Mr. Speaker, my question is directed to the Minister of Education. I was wondering if he could advise this Assembly if he is planning any changes in regulations to allow the Camrose City School Board to install a lunchroom in their composite school?

MR. HYNDMAN:

... [Not recorded] ... not particularly for one school board, Mr. Speaker. I can say that provincial funding is available for lunchroom facilities for a composite high school where there are 700 or more pupils.

If the Camrose situation is within that boundary then I should think they could apply, although if I recall, I believe some years ago that school board did apply for a lunchroom and did receive approval. So if there's one already there, then we wouldn't be able to accept a new one.

MR. SPEAKER:

The hon. Member for Clover Bar followed by the hon. Member for Hanna-Oyen.  
Civil Servants - Conflict of Interest

DR. BUCK:

Mr. Speaker, I'd like to ask a question of the hon. Premier as a follow-up to my question in the fall. This is related to conflict of interest of senior civil servants. I would like to know if the hon. Premier can report to the House what progress has been made in consultations with senior civil servants.

MR. LOUGHEED:

Yes, Mr. Speaker, I held a meeting, or a one-day seminar, with the senior management group of the public service of Alberta, including the chairmen of the major commissions and agencies of the government. We discussed a number of matters involving interdepartmental cooperation and coordination. We also discussed the matter raised by the hon. member in his question.

It was left on the basis that what would happen would be that each one of the people involved would submit to me a document which would be confidential to me and to my office that would set forth the personal net worth position, comparable to that which the cabinet ministers have been obliged to provide on a public basis.

We felt that we could only go that far because many of them had entered the public service without any such condition being attached. This would give me the opportunity to then take a look at the net worth statement, ascertain whether or not there were any areas of potential conflict of interest and try to deal with them.

MR. NOTLEY:

Mr. Speaker, a supplementary question to the hon. Premier. Will there be any changes with respect to new senior civil servants engaged, that is, that they may have to make their net worth position public, similar to cabinet ministers?

MR. LOUGHEED:

Mr. Speaker, that's something we have under consideration and it would be a desirable objective. Our only concern with that sort of a policy position is that it puts the senior civil servants, who are presently involved, in a different situation from those who may join in the future.

It is a matter we are still reviewing. We haven't made a final decision on it. There's some merit to it because we think that it would be desirable. Frankly, I would prefer not to have that obligation if it could be made public, but on the hand, I think we have to be fair across the board with the senior service as compared to when they entered the service and as compared to the question raised by the hon. member.

DR. BUCK:

A short supplementary to the Premier. Would this just extend to deputy ministers? That's just the level I'm concerned with now.

MR. LOUGHEED:

Mr. Speaker, at this stage all we're contemplating is deputy ministers, with one or two exceptions we're assessing within the public service who happen to be in a particularly sensitive position. We have added to the list, just by way of example, the Director of Mines in the Department of Mines and Minerals. There may be one or two others - who are not presently in my mind and that I could refer to - but there a few in addition to deputy ministers or chairmen of boards and commissions.

MR. SPEAKER:

We've run out of time and I've recognized the hon. Member for Taber-Warner, although I misnamed his constituency.

#### Coal Conversion for Energy

MR. D. MILLER:

Thank you, Mr. Speaker. My question is to the Minister of Mines of Minerals.

What long-range plans does the government have in overseeing the development or conversion of coal resources as a source of energy?

MR. SPEAKER:

With great respect, this is a question which might very well involve a statement of policy. If the hon. minister thinks it can be answered very briefly, perhaps it could proceed.

MR. DICKIE:

Very briefly, Mr. Speaker, we are aware of the situation. We are now awaiting a report from the Energy Resources Conservation Board on coal reserves in Alberta. We are expecting that report by the end of the year. In addition to that, we are awaiting from the Crump Commission - that would give us some assistance on the question of coal - and after the conclusions of those two reports, we then propose to do some further extensive work in that area.

MR. D. MILLER:

A short supplementary, Mr. Speaker. Has any group, expressing interest in extracting oil from the Alberta coal reserves, approached the government?

MR. DICKIE:

Yes, there have been many inquiries about coal gasification and coal liquefaction. We are requesting representatives of the Energy Resources Conservation Board to monitor the various proposals that are being carried on throughout the world so that we do have first-hand information on the various plants that are being developed.

#### ORDERS OF THE DAY

#### MINISTERIAL ANNOUNCEMENTS

##### Department of Education

MR. HYNDMAN:

Mr. Speaker, I wish to announce the government grants to school boards under the School Foundation Program Fund for 1974.

The per-pupil grant portion of the School Foundation Program Fund, and that is the instructional grants, will be increased by nine per cent for 1974. The new 1974 rates will be for elementary pupils; \$622, up from \$558 in 1973; for junior high pupils, \$716, up from \$654 in 1973; and to \$996 for senior high pupils, up from \$948 in 1973. The new rates are estimated to require nearly \$4 million more than the previous estimates for government contribution to the 1974 School Foundation Program Fund.

Mr. Speaker, in the government's view it is crucial, I would say, that the quality of education for the 400,000 students in Alberta be maintained and this increased funding will ensure that there are sufficient personnel and adequate programs in our schools.

I would mention also that in our view, inflation and other pressures, justify this move at this time.

Other grants will stay at the rates previously announced but the government is keeping them under its usual review.

MR. CLARK:

Mr. Speaker, I would like to respond to the announcement made by the Minister of Education and say that I concur with the date of making the announcement. It is indeed very helpful to school boards to know at this time of the year the kinds of grants they will have for next year. I commend the government for this move.

Secondly, I think that all members of the House recognize that school boards have been living within rather restricted budgets within the past number of years and a nine per cent increased grant to the school boards on their per student grant seems at this time, without having any more detail, certainly to be reasonable. It will be interesting to see how that nine per cent compares with the gross provincial product because in the past, last year, the government tied the gross provincial product somewhat to the grants made to school boards.

We concur with the statement the minister made with regard to maintaining the quality of education in the province. We would like to do more than maintain it, we would like to see it improved somewhat. And we might start in the field of extension of services in early childhood education.

MR. SPEAKER:

I believe the hon. Member for Camrose would like to have leave to revert to Introduction of Visitors. May he have that leave?

HON. MEMBERS:

Agreed.

INTRODUCTION OF VISITORS (CONT.)

MR. STROMBERG:

Mr. Speaker, I have the privilege today to introduce to you some late arrivals from the Rose City in my constituency, from the Camrose Composite High School, 54 students accompanied by their teachers, Mr. Lohner and Mr. Johnston. They are seated in both galleries and I will ask them to rise and be recognized by this Assembly.

MINISTERIAL ANNOUNCEMENTS (CONT.)

Department of Industry and Commerce

MR. PEACOCK:

Mr. Speaker, I wish to announce and to table a situation report on the present supply of building materials and labour shortage in Alberta prepared by my department from a survey of manufacturers, distributors and retailers of selected building materials in Edmonton.

Information on a wider provincial market was obtained by contacting a number of industry associations in Alberta or feedback from members. However, I must emphasize that this report only briefly reflects the general supply situation. For the information of the House, contained in this survey and information report are the problems Albertans are having with steel including the shortage which will also affect drilling casing, the cement and ready mix concrete, lumber from British Columbia, et cetera.

I would hope this report certainly would have this effect on industry, that it can respond to the opportunities afforded in this province and pick up the shortages.

Thank you.

MR. HYNDMAN:

Mr. Speaker, by way of an outline of business in the House this afternoon and sittings tomorrow, this afternoon we would see proceeding firstly to continuation of second reading of Bill No. 94, The Mines and Minerals Amendment Act, 1973, adjourned by Mr. Lee yesterday; then a committee study of Bill No. 96, The Gas Resources Preservation Amendment Act, 1973; and if there is time this afternoon, second reading of Bill No. 87, The Alberta Insurance Amendment Act, 1973.

Regarding business tomorrow, Thursday, Mr. Speaker, there will be no night sitting, and that being so there has been general agreement on both sides of the House that tomorrow afternoon would be used as an afternoon for government business. I will be able to advise the House later as to details of those items which will be used and be looked at tomorrow afternoon.

GOVERNMENT BILLS AND ORDERS  
(Second Reading)

Bill No. 94 The Mines and Minerals Amendment Act, 1973

MR. LEE:

Mr. Speaker, in the past few months in Alberta and the past few days in this Legislature, consistent reference has been made to the nature of provincial-federal involvements and responsibilities in relation to energy matters. I

might say that through conversations and correspondence with my constituents and other Albertans, I have encountered almost universal support for our provincial position, our provincial action vis-a-vis federal activities. I might add that I would question whether those elected members who support the federal export tax and federal control of our resources are really relating those pronouncements to the expression of their Alberta constituents.

I want to direct my remarks this afternoon to those legitimate interests and concerns of our government and those of the federal government and to express an opinion as to how these responsibilities might best be undertaken, not only for Albertans, but for all Canadians.

First of all, Alberta's interests and concerns have been most ably presented during the past months, during the past year by our Premier, our ministers, and by members of this House. But to recap, these concerns as they relate to energy might be summarized in five aspects.

First of all, our government is concerned regarding energy supply, regarding considerations over the depleting nature of our energy resources. Consequently, considering this depleting nature, price and conservation considerations are important to our government. Even though there is no immediate supply crisis for our province or for Canada as a whole, it is important that through our Alberta Energy Resources Conservation Board we do maintain certain limitations, certain 30 year requirements for our province.

Our government is also concerned regarding the complementary development of all of our energy resources, consequently we want to assure that our coal resources and our tar sand resources are also developed in a parallel manner to those of natural gas and oil. Consequently exploration and production are of continuing concern to us in Alberta.

The third concern of our government and our province is that along with the development, the exploration and production of our resources, related industrial development, secondary processing also be developed within the borders of Alberta. My colleague from Edmonton Highlands ably stated this yesterday when he related how important jobs and employment are in relation to the bills we have before the House now. But it is important that we develop in Alberta an industrial base as a backup as our energy resources are depleting. Consequently, this is so important when we speak about freight rates, when we talk about tariffs, when we talk about a depleting energy resource.

Fourthly, it is important to our province that we receive a fair deal in the sale of our energy resources. We have sought, during the past few months, to gain a price tied closely to the world price for our energy resources. But, alternately, we do share the Canadian concern regarding price fluctuations in the world, and perhaps now the time has come to talk seriously about transportation and tariff considerations across Canada and for western Canada.

Finally, we have a deep concern regarding the ownership and the control of our energy resources. Section 109 of the British North America Act has placed ownership of the resources with the provinces, and it is important to us as a province that we retain this. We are also concerned regarding the Alberta citizen ownership and participation in our resource development, our resource exploration and in the proceeds from these profits. Consequently, we developed our Alberta Energy Company and policies to follow with that.

Now these are just some of the concerns and these are our responsibilities as a government. And I believe that our government is responding to these expectations. Our government has stressed that we won't allow our natural gas and oil reserves to be sold and transported from our province at less than fair market value. Our Premier has dynamically represented our positions regarding western concerns over tariffs and transportation, at the Western Economic Opportunities Conference, in the Legislature and on many occasions. We have aggressively pursued and supported our tar sands development and specifically the Syncrude agreement. We have established the Alberta Energy Company to facilitate Alberta ownership and participation. We have consistently defended our province's constitutional rights in the face of certain federal actions and we are now, during this week, doing the ground work for future management and stewardship actions relative to our energy resources.

But the federal government also has legitimate concerns and responsibilities in energy regarding all the citizens of Canada, concerns which, I might add, we share in Alberta and responsibilities which we are willing to share. These concerns are related to supply, they are related to the price of our energy resources for Canadian consumers, and they are related to the distribution of

resources across Canada, and more in this regard the past few months, east of the Ottawa Valley.

But let's look at how the federal government has responded to these concerns during the past few months - by the imposition of the export tax on Alberta oil exports, and the imposition of a freeze on the price of our petroleum products in Canada. We in Alberta not only view these as inadequate actions, but they are in contravention of our provincial rights.

As the Member for Wetaskiwin-Leduc stated last night, it appears the federal government has deliberately undertaken through direct confrontation and accompanied by inadequate consultations and unilateral precipitous actions to assume control of Alberta's energy resources. Most of this is under the guise of Canadian interests and often camouflaged by the presentation of the spectre, the bogey in fact, of a national energy emergency.

Granted that past federal actions were unacceptable, what might the federal government have done? What might they have best undertaken or might they best undertake in the future? Now the Member for Spirit River-Fairview says, hurrah for the export tax. Let's now extend it for natural gas. Let's remember what he is really saying. What he is saying is, let's amend, let's short circuit the constitution, the act which gives the provinces control over their resources. Well, I can't, and I'm sure our government can't, accept this capitulation of our constitutional rights.

But once again, what might have been the federal response in responding to their legitimate concerns in the area of energy? First of all, they might have undertaken or they should have undertaken policies to facilitate national self-sufficiency in energy. This can be done through proper utilization, through proper conservation of our present energy resources, natural gas and oil.

Certainly it must be a concern of our federal government, as we view the United States use of energy in the past decades, the exponential increase in per capita use of energy in the United States and how this might reflect on future Canadian development. This is an area of federal concern.

Second, they might undertake policies which would lead to an alleviation of the effects of world fluctuations on the price of energy. I guess they're saying, well, that's why we brought in the energy tax. But it's well known that the energy tax has brought them into confrontation with various provinces, most specifically to this point, Alberta.

So, what might they have done? Well, let me suggest a couple of things. If they feel we must protect the Canadian consumer from these fluctuations, how about a federal rebate - a federal rebate from their resources? Well, they'll say, we don't have any direct revenue. Now you can talk about a rebate here in Alberta, but we don't have this kind of revenue increase because of these fluctuations. As I said before, if that's a given, then maybe the time has really come for the federal government to respond to some of the western concerns our Premier so ably expressed at the Western Economic Opportunities Conference because we also share, as Albertans, these concerns regarding price effects.

Third, the federal government might pursue policies in the development and the expansion of distribution mechanisms. One of the major difficulties, as we all know, this winter is not in supply, but in the distribution of supply east of the Ottawa Valley, and more specifically to Quebec and the Atlantic provinces. The undertaking of a Montreal pipeline is partially a response to this, but we still have to remember that there are portions of Canada; the federal government must respond to distribution throughout Canada. This is their responsibility. Long-term planning must be undertaken instead of a short-term crisis kind of response.

Fourth, the federal government should and might respond in the areas of research and development regarding alternate energy sources. I'm sure the provinces welcome this kind of cooperation, but only this kind of cooperation under provincial terms and a clear recognition of the provinces' ownership of their energy resources. Not only Alberta oil, Alberta natural gas, but we're talking about uranium, we're talking about all our energy resources.

I guess it all comes down to a basic action the federal government must undertake - the requirement which must be met if the provinces and the federal government are to really share the responsibilities and the concerns - that is a clear recognition of the provincial constitutional rights in energy, constitutional ownership of our resources.

One response might be the withdrawal of the export tax, but in any regard there must be a consistent consultation with the provinces over energy. We welcome that, the national energy conference and the cooperative development of a national energy policy.

To this point the actions of the federal government have not facilitated proper national energy planning. Through unilateral actions, improper consultations and often ill-concealed statements regarding energy supply and prices, our federal government has circumvented many of the things that should have been done.

As I said before, the federal government, like the provinces, has a legitimate concern regarding national self-sufficiency, national energy policies. But we in Alberta share these national concerns. We share the concern regarding distribution, regarding self-sufficiency and regarding conservation of our energy sources. The development of all of our energy resources, the development of western industry, we view to be in the Canadian interest, not only in the Alberta interest.

We can only hope that future federal government actions will also reflect this spirit of cooperation.

MR. CLARK:

Mr. Speaker, in rising to make some comments regarding this particular piece of legislation, I'm sure that I speak on behalf of members on both sides of the House. There isn't a member in this House who hasn't been the recipient of a sizeable amount of very genuine and, I'm sure, sincere advice, either from consumers in this province, from people interested in the political makeup of this province, or very concerned people in industry.

On the other hand, I'm sure a number of people on both sides of the House have had discussions with various officials of both the provincial and federal governments. Certainly in the course of this Legislature, we've heard the Premier and the Minister of Mines and Minerals and various other cabinet ministers, and once again, members on both sides of the House talk about the energy situation as we see it at this particular time.

It rather reminds me, Mr. Speaker, of the various points of view often presented to us in the course of talking to various people. It reminds me of a story of the lady who was sitting in the dentist's chair.

DR. BUCK:

Easy now.

MR. CLARK:

It was a dentist - not in the Clover Bar riding, so you can breathe easier hon. member. But to get back to the story. The dentist, after looking in the lady's mouth for a few moments, said to her, "Madam, I'm very sorry but you are going to have that tooth out." She looked at him, she said, "My gosh, I've never had a tooth out before. I think I'd just as soon have a baby as have my tooth out." The dentist said, "Well, make up your mind Ma'am, before I adjust the chair."

It seems to me, Mr. Speaker, that depending upon your point of view, whether you are the consumer, whether you are a member of the Legislature, whether you are a member of the federal government, the House of Commons, or, in fact, you are a representative of industry, or an employee of industry in this province, the present situation that has developed in the field of energy is indeed most perplexing to all of us.

If we stop for just a moment and look at the situation from a world standpoint, Mr. Speaker, we all recognize what has happened in the Middle East. We recognize the situation our good friend to the south, the United States, has got itself into. I recall seeing projections back in 1970. They were done by one of the banks in the United States showing clearly that if the consumption in the United States continued at the rate it had continued for the last two or three years, and if there were no substantive steps taken by the American government, that during the early 1970s we would be in this very situation that we are in today.

I am sure all hon. members have a number of comments on the reaction and the action of the federal government and, as far as that goes, the provincial government in this province also.

What I would like to do for a few minutes this afternoon, Mr. Speaker, is to attempt to outline to you the basic position of the members of the Social Credit party in this Legislature here insofar as the energy situation is concerned.

Then I would also like to make some rather general statements and, frankly, some positive suggestions I hope the Minister of Mines and Minerals and his colleagues in the cabinet will seriously consider when they are wrestling with the very critical problem with which they are wrestling.

At the outset, Mr. Speaker, let me say this. It seems to me on the issue we are dealing with here, the purpose of this particular session, that we have a great deal more need for a straightforward and frank and honest approach and less political interference or political points of view than perhaps we have had on any issue that has come before this Legislature in the past number of years. So that, Mr. Speaker, is the approach I hope to use this afternoon in dealing with the particular problem which we face at this time.

It is fair to say I believe, Mr. Speaker, that since the fall session of the Legislature concluded - or the recess in between - there have been four, what I consider to be very legitimate, concerns as far as the Social Credit members are concerned.

When I spoke during the fall session, Mr. Speaker, I outlined, I believe clearly, that we support completely the government's position on the need for the Province of Alberta to continue to control the development of our natural resources. That was a policy, Mr. Speaker, as I outlined at that time, which was commenced by the UFA government in this province in the 1930s, a policy continued by three successive Social Credit governments, and a policy this government has continued. I commend them for doing that and we support them in their efforts in that particular field.

I believe, Mr. Speaker, it was also apparent at the fall session that we supported the going ahead of the Syncrude project at the earliest possible date. We still feel this is essential, Mr. Speaker. Mr. Speaker, we feel the going ahead of the Syncrude project is so important that if the government has to renegotiate certain portions of the agreement with Syncrude we would be prepared to support that. It is obvious from the comments the Provincial Treasurer has made that in fact the government is doing this, and we sincerely hope that this matter can be resolved so that the Syncrude project can go ahead.

Thirdly, Mr. Speaker, we think that, as distasteful as the federal export tax is, and as much as the Legislature in this province, virtually to a man, is opposed to that export tax, the Legislature has made its position known very clearly on that. We think though, Mr. Speaker, that the government now must get back to the bargaining table, recognizing that despite the fact that we don't like the export tax in principle, we have a responsibility to get a very large portion of that export tax back to the people of the Province of Alberta.

The people of the Province of Alberta are the owners of the natural resources, Mr. Speaker. That export tax is being generated to an excess of 80 per cent as a result of the use of a non-renewable resource in Alberta.

We would urge the provincial government, as distasteful as they find the export tax and as distasteful as we find the export tax, to be sure that the people of the Province of Alberta get our share of that export tax. And when I say "our share of that export tax", Mr. Speaker, we can't talk in terms of the 40 per cent the federal government has offered us. Our portion, Mr. Speaker, of the export tax must be that portion which is generated by the sale of non-renewable Alberta resources.

The fourth basic point I think needs to be emphasized once again, Mr. Speaker, is that in the course of this whole energy crisis across Canada, and in the course of this legislation we are dealing with at this special session, all of us I believe, regardless of where we sit in this Assembly, must be concerned from the standpoint of jobs and job opportunities for the future of Albertans.

It seems to me that we must also be concerned about the stability of our economy in this province, and the strengthening and broadening of our economic base in this province, and we must certainly also be very concerned about the situation that the small Albertan and Canadian companies are finding themselves in - companies in the exploration and production side of the business.

Also, Mr. Speaker, the fifth point I think we have emphasized several times is that it is essential that the provincial government of this province, despite how much they may not like what the federal government is doing in some areas dealing with energy, continue to sit down and that we continue to talk.



Frankly, Mr. Speaker, I believe that it did not help the negotiations at all between Alberta and the federal government, the decision that this government made and communicated to the people of Alberta by the Minister of Federal and Intergovernmental Affairs that, in fact, Alberta would break off discussions with the federal government.

Regardless of what happens in the future, and I sincerely hope that we are over the hump as far as difficult negotiations are concerned, Mr. Speaker, I think it is very essential that we continue to have dialogue with the federal government on the export tax and in all other related areas.

Mr. Speaker, I would now like to make a few comments dealing with the question of royalties. In dealing with the question of royalties, Mr. Speaker, I think we must look at the legislation presently before us clearly for what it is. The legislation we are debating at this particular moment gives the government and the Lieutenant Governor the power, by regulation, to set royalties at whatever price they feel to be reasonable.

I recall, and I am sure all members of the Assembly recall, in April, 1972 when the government tabled the Position Paper, the tentative Natural Resources Revenue Plan for the Government of the Province of Alberta. In the course of that Appendix C is a statement by the Premier re maximum royalty limitations, Alberta Legislature, April 17, 1972.

In this particular statement the Premier, rightfully so, pointed out to Albertans that because of decisions of the former government there was a limitation of sixteen and two-thirds of the maximum royalty. At that time there was considerable comment made about former administrations in this province not having the foresight or the ability to look far enough ahead to foresee the kind of a problem that was being considered at that time.

The government made the decision that rather than break the contracts - rather than throw the contracts out of the window - they would consider the sanctity of the contracts involved, Mr. Speaker, and that they would go a different route - a route of taxation of reserves - and in the end a number, especially of the larger companies of Alberta, chose to go that route.

There was considerable condemnation of the former administration for not having very much foresight. Yet, Mr. Speaker, we are dealing with a situation here today, five or six months after the new royalty plan has come into effect.

We are not talking about foresight, Mr. Speaker. We are talking about the change of circumstances that has taken place in the last few months and we are in a situation now of being asked to throw the rules of the game out the window. There are some valid reasons, Mr. Speaker, for us seriously considering throwing the rules of the game out the window. But I can't help but take this opportunity to remind my - I am not sure I should say friends, but the members across the way - that it is amazing how fast the wheel turns around. It wasn't more than a year or a year and a half ago that you were commending the former government for arrangements they made in 1948 and I am sure you can find a number of faults with those things that were done from 1948 forward. On the rarest of occasions I have even heard the Minister of Agriculture refer to some of those faults.

But let me say this, let's keep in mind that in the past six or eight months, despite the accumulated wisdom across the way, circumstances have changed to the extent, Mr. Speaker, where now we are being asked by this legislation to give the government a complete carte blanche, as far as royalties are concerned.

The hon. Member for Wetaskiwin-Leduc last night said that the government needed a great deal of flexibility, and he is absolutely right. I don't argue with him at all. The government needs flexibility in dealing with this question of royalties, given the uncertainty of the Canadian situation and the international situation.

But at the same time, I can't help but think for just a moment or two of the approach the government has used in attempting to get this kind of flexibility. It is my understanding that there were no discussions with the people in industry prior to the announcement made by the government that it was going to throw the royalty thing out the window. I'm sure if I'm mistaken on that point and there was consultation with the industry before that, the Minister of Mines and Minerals will enjoy pointing that out to me when he closes the debate.

Secondly, Mr. Speaker, it seems to me that the reasonable thing might well have been at least to sit down with the people in industry and say, well look,

here is the problem. This is the direction we have to go. Are you prepared to go that direction and prepared to go that far? If the answer had been definitely no, if you couldn't work out some kind of an arrangement, all well and good.

But perhaps the most important point of all, Mr. Speaker, is this. The minister last evening, when he introduced this piece of legislation, got up and said, Mr. Speaker, we're interested in the views of the members of both sides of the House - and I commend him for that.

But Mr. Speaker, we're being asked to agree to legislation which gives the Lieutenant Governor in Council a completely free hand as far as establishing royalties. It's a well known fact that the government has had discussions with industry about a possible formula they might use for a royalty scheme. And I must say, Mr. Speaker, last evening I was amazed when the minister didn't stand in his place and give the members of this Assembly some indication of the government's thinking, some indication of the direction the government is moving in the royalty situation.

One of the proposals I understand the government has made to some people outside the Legislature - but not inside the Legislature - is that we will hold the existing royalty of 22.9 per cent on the average - whatever it is - to an amount of about \$4 a barrel and then increase on a percentage basis from there up. If that's what the government is thinking, then we would have welcomed the minister getting up and explaining this to us and saying this is the kind of program we're looking at. What do you think about it? Or if the government is looking at some other kind of an approach - at a period of time when you are asking us to give complete carte blanche approval to the Lieutenant Governor in Council on the royalties, the only substantive comment we've heard from the government to date, Mr. Speaker, is the comment from Mr. Moore, the hon. Member for Smoky River. In the course of his comments he indicated that it might be desirable for the royalties to change as often as weekly.

If this is the kind of situation we're looking at, Mr. Speaker, I would go so far as to plead with the minister to stand in his place when he closes this debate on second reading and give us some kind of an indication of what you are thinking of in a royalty program. You had discussions with the industry about possible alternatives. For Pete's sake, you are asking us to give you complete approval as to how you are going to handle a thing and you haven't even stood in your place and told us even a bit of your thinking about it.

MR. SPEAKER:

Could the hon. Opposition Leader revert to the third person.

MR. CLARK:

My apologies, Mr. Speaker. As long as the minister got the message.

MR. LUDWIG:

He never does.

MR. CLARK:

Dealing with the royalty situation once again, Mr. Speaker, the members of the Legislature are being asked, as I've said several times, to approve a complete abdication of their responsibilities. The comment has been made earlier that the royalties used to be established by order in council and that's right. But what hasn't been said, Mr. Speaker, is that in those agreements between the companies involved and the government, there has been a maximum. Even if the minister wants to talk in the House in terms of a maximum, we wouldn't object at all. We'd just be delighted to know what he thinks they are going to do. Any indication of what the government is going to do in this field would be welcome.

If the government feels that it doesn't want to talk about what it might do here for fear that we would come back in February or March or April and say, you changed your mind - as long, Mr. Speaker, as the government can come forward and say the circumstances have changed, and these are the ways that the circumstances have changed - I really don't believe, Mr. Speaker, we'd be unreasonable.

I think also, Mr. Speaker, it is essential that Albertans who have a great deal of interest in what we are doing in this particular session should at least

have the benefit of knowing what the government is saying to the industry about possible royalty schemes so they too have a chance of getting their input.

We certainly don't propose, Mr. Speaker, to be experts on what the royalty situation should be, but we would say, Mr. Speaker, that one of the alternatives the government might well consider, to encourage exploration and development of our oil reserves, is that the royalty be designed to escalate as high as 50 per cent or more, based perhaps on the economics of each producing well. I recognize there are some real problems involved in that. A great deal of bookwork would have to be done. But in the long term interests of Alberta, in the long term interests of what we are dealing with here, the increased cost of looking at a royalty on an escalating basis based on individual wells, as difficult as that might be, at least it's a place to start. We don't put it forward as the only suggestion. We don't put it forward as what we think the end result has to be, but it's a recommendation we put forward for the government's very, very serious consideration. The additional costs of handling this system would be more than offset by additional revenue, while companies would find net profits commensurate with overall field costs and production.

If I could move on, Mr. Speaker - and this is also very much a part of the royalty thing, because the government's incentive program for drilling was tied into the royalty program on a 'forgiveness clause' basis - yesterday in the House when the hon. member, I believe, from Lethbridge asked the question about the drilling incentive program, the minister was quick to point out that he felt it had been a very successful program, and he also was quick to point out that many deep wells had been drilled in the area where there was the greatest potential in Alberta.

And yet, Mr. Speaker, I look at the information we received from the department and of the 459 incentive wells certificated between August 1 and October 31, 1973 - that should be August 1, 1972 - I think a very liberal estimate - with a small 'l' - would be that there weren't more than 40 wells drilled in that area where the people in the industry say there is the greatest potential.

In talking with people in the industry I'm told the greatest potential in Alberta is in the western portion in Alberta, and that the kind of program that's needed for drilling incentives there is a program, Mr. Speaker, that's going to encourage industry to go very deep. You compare the depth that is involved there with a large number of these wells that were drilled under the incentive program in southern Alberta and it's a horse of a different colour completely. We're looking at a very few thousand feet that a number of the wells have been drilled. We're looking at in excess of 10,000 or 12,000 feet in areas where there is still the greatest potential in Alberta.

The government has announced that it is going to expand its incentive program for drilling. If that's the direction the government is going, all right. But let's make the program really meaningful. Let's have some incentives that really encourage industry to drill in the areas of the province where there is real potential.

And certainly once again, in light of the comments the minister made last night in opening remarks, it would be most helpful in the course of this debate if the minister would tell us the kind of new incentives the government is looking at as far as the drilling incentive program is concerned.

I don't think we are being unreasonable in asking for that kind of information, Mr. Speaker, when we're being asked to really give the Lieutenant Governor in Council a carte blanche approach to setting royalties. What we're asking for is some indication of their thinking at this time.

To be perfectly frank about the success of the drilling program to date, Mr. Speaker, I think the two greatest incentives that have encouraged the drilling of wells in Alberta during the last year - year and a half have been the potential of an increase in prices and the potential of availability of markets. In talking to people in the industry, they acknowledge and certainly accept gratefully the drilling incentive program. But the big incentive, the really meaningful incentive has been increased prices and market availability.

One other comment, Mr. Speaker, that ties in closely with this drilling incentive program and especially with the area of the province where there is the greatest potential, namely western Alberta and the area commonly known as the eastern slopes. It would be very, very helpful if the government could come to some conclusion before long as to what its whole governmental policy is going to be on the future of the eastern slopes.

I fully recognize that's a very, very difficult question. But at the same time, there is a need for some indication of the direction the government is going to take in the eastern slopes, as it applies to the whole natural resources industry, and particularly on this occasion as it applies to the drilling incentive program.

Mr. Speaker, one other item that fits right in here deals with this question of land tenure. When we dealt with the Canada Natural Resources Revenue Plan in April, 1972 and following that, the government clearly indicated that there were going to be a number of major changes as far as land tenure in the province was concerned.

From the brief discussions I have had with people concerned in this area, it seems to me, Mr. Speaker, that despite many problems involved, recognizing the fact this government has had more than a year to attempt to sort out what I acknowledge is a very complex area, the government might give us some indication now as to what it plans to do in the area of land tenure. This becomes increasingly important when you recognize that the companies most affected are the small Alberta and small Canadian companies that are, shall we say, just starting to walk at this particular time, just starting to get their feet under them. As a result of the federal government action - and to a lesser degree, the provincial government action - on royalties, they are staggering at this time, they're having real difficulty. The larger companies certainly are going to have problems, but they have the capability, they have the cash flow to look after themselves.

But I think we must be extremely concerned about what is to happen with the small Alberta and Canadian companies. I am told that operating now in Alberta are in excess of 400 small companies closely associated with drilling and exploration. It's these people who are going to feel the effects first.

A positive suggestion I'd like to put forward to the government is that in the course of making some changes in land tenure and also in drilling incentive, some recognition be given for geological and geophysical work done. I'd also suggest that you consider seriously some changes in land tenure so that if leases have not been drilled out or at least a minimum amount of work done over a period of, shall we say, five years, that the land is surrendered to the Crown and then becomes available once again.

I fully recognize that this isn't going to meet with everyone's approval. But it seems to me, Mr. Speaker, it is a step in the direction of hopefully making it far more possible for the smaller companies in this province to continue to operate. That's so vital to the long-term conventional crude industry here in Alberta.

In another related area, Mr. Speaker, [there is] the question of maximum recovery. It seems that when we're looking at incentives, at the royalty situation, we shouldn't by-pass the possibility of maximizing the recovery potential that we now have. Information I've been able to receive from the Energy Resources Conservation Board is that under the present circumstances we're able to get about 34 per cent of the oil in place to the surface. A number of fields are higher than that. It may be of interest to some members that the field in the Lloydminster area - where I understand there's a very heavy crude - is getting recovery in the vicinity of 8 per cent.

If we can, Mr. Speaker, by means of cooperation between government and industry and the Petroleum Research Institute of Calgary, increase that maximum recovery by a number of percentage points that's just as good as finding additional oil - well, it's not as good as finding additional oil, but at least we do have a great deal more oil which is marketable for Albertans and for Canadians.

I recognize that these kinds of recovery programs, tertiary recoveries, are expensive. But let us also recognize that the economics are changing. That wasn't economically feasible to recover two, three or four years ago - it's a completely different picture today. The Premier indicated this when he spoke earlier this week in another debate, and talked of the increased recovery potential as far as the natural gas industry is concerned.

I would suggest, Mr. Speaker, that when the government is looking at its overall program in this area, it seriously consider allotting a sizeable amount of money to the Petroleum Research Institute. My understanding is that it's now on a basis of \$100 thousand from the government and \$100 thousand from industry. This is an area, Mr. Speaker, where I'd like to see the government put several hundred thousand dollars in cooperation with industry, hopefully making some

substantial strides forward in improving the recovery potential that we have in Alberta.

In fairness I must say that today industry and the conservation board have done a reasonable job in this area, and I hope that additional strides can be taken in the future.

Dealing, Mr. Speaker, with the Syncrude situation once again for just a moment, I'm thinking back to some of the lessons, hopefully, we've learned in the last few months - in addition to the foolish decision, I believe, made in breaking off diplomatic relations with Ottawa on the negotiations as far as the export tax was concerned.

It's become very obvious, Mr. Speaker, that there should have been some very serious consideration, some very serious consultation between Alberta and Ottawa prior to the government of this province making the announcement to go ahead on the Syncrude plant. The government has already indicated that they didn't feel that kind of consultation was necessary.

I relate back to a letter which was tabled in the House last year, the letter to the Premier from Donald S. Macdonald. On the first page of that letter, the fourth paragraph when Mr. Macdonald is rather summarizing the discussions he had had with the officials in Alberta. He says, and I quote:

We touched on such matters as policy for the development of Alberta's oil sands, further exploration and development of Alberta's oil and gas potential and the impact of various costs and royalties on industry incentive.

Then he goes on to the next paragraph on page 2 and I quote:

The relationship between the Government of Canada and the Government of Alberta in all these items will require substantive and effective effort at communication to develop a mutual understanding of our respective interests and responsibilities.

and no one will deny that at all.

That was the letter from the minister, Mr. Macdonald. The Alberta government responded to Mr. Macdonald, the hon. member, Mr. Getty did on behalf of the Alberta government, and I just quote from the second paragraph and the third paragraph of the letter dated March 8, when he said:

Mr. Dickie and we would like to express our pleasure at the spirit of cooperation which you made clear, both in personal dealings with our government and in your letter. The letter of February 25, 1972 is an effective summary of many of the points raised concerning energy matters and is a good example of federal-provincial cooperation.

Now I appreciate many things have happened since then, but the point I want to make here, Mr. Speaker, is that in the initial discussions between the Province of Alberta and the federal government, with Mr. Macdonald and officials here, the question of tar sands development came forward. There was an undertaking on behalf of both parties that they would attempt to cooperate here.

It's clear now that there should have been consultation between Alberta and the federal government prior to the announcement.

My plea is this. Let's remember the lesson we've learned here on the Syncrude arrangement. Let's also remember, Mr. Speaker, that when the government comes forward with a new tar sands or oil sands policy, in the middle part of 1974, let us hope that we remember then the lesson we learned in this sad experience on Syncrude.

One of the areas, Mr. Speaker, that once again deals with this royalty section, centres around the question of some stability here in the province. I want to emphasize at the outset that I don't believe there is a member in this Assembly who wouldn't agree that the royalties must be increased, or to put it another way, that there must be an increase 'take' on behalf of the people of Alberta in light of the changing circumstances that have taken place in the world energy market. I don't believe there is a member who wouldn't agree with that.

But let us also recognize, Mr. Speaker, that it is essential there be some stability - from the standpoint of jobs for Albertans, from the standpoint of

small Canadian companies, from the standpoint of all the spin-off effects there are here in the province of Alberta and all the spin-off opportunities involved.

We welcome, Mr. Speaker, the announcement by the Premier that the rebate plan will be made known to the people of Alberta in mid 1974. We also welcome the hints from the Provincial Treasurer that there will be a reduction in gasoline tax, and we welcome that, Mr. Speaker.

But at the same time, Mr. Speaker, one can't help but wonder why the whole question of energy wasn't included at the Western Economic Opportunities Conference. More than that, I can't help but wonder, Mr. Speaker, why the prairie premiers, along with their colleague in British Columbia, aren't going to be meeting prior to the National Energy Conference.

It would have been very helpful if the four western provinces once again could have banded together and taken the same approach, a united approach, as we approach this National Energy Conference.

While I'm talking about the National Energy Conference, Mr. Speaker, it's essential that the government of the Province of Alberta give leadership in this field. In retrospect there may have been some real advantage in the Alberta government taking the same approach that was taken by the Conservative government in Ontario; I believe it was in 1967 if my memory serves me correctly, following the confederation for the Tomorrow Conference.

There was an opportunity for the various provinces to sit down very frankly and open the whole question of the constitutional change. Now I would hasten to add, Mr. Speaker, that I would hope we would be more successful in the development of a national energy policy than we have been in coming to some conclusions as far as needed changes in Canada's constitution.

But this might well have been an approach we in the province of Alberta could have followed, taken the leadership and called a conference of the various provinces to start to put the pieces together for a national energy policy. It's too late to do that now, Mr. Speaker. That can't be done.

I would hope that between now and the national energy policy that three things would happen:

First of all, that the Premier would get together with his western colleagues. A united effort at the Western Economic Opportunities Conference had a number of things to be said for it.

Secondly, I would hope that the Premier would sit down on a face-to-face basis with the Prime Minister, well in advance of that national energy policy so that there be a rather clear understanding of the priorities of Alberta and a clear recognition of the concerns we in the province of Alberta legitimately have.

Thirdly, Mr. Speaker, I would hope that the approach that not only Alberta, but all the provinces, along with the federal government, would take, would enable us to quickly find some agreeable ground where we could develop a national energy policy.

And when we are thinking in terms of a national energy policy and some of the points that should be put forward as far as the province of Alberta is concerned, I would like to suggest and refer for the benefit of the members of the Assembly to the basic attitude or the basic approach that the Social Credit members of this Assembly have in dealing with this energy issue and in looking forward to our responsibilities as Canadians and our responsibility towards this upcoming National Energy Conference.

Initially we have a responsibility to obtain the highest possible return for the people of Alberta who are the owners of our non-renewable resources, but adding to that also without unfair penalty to our fellow Canadians or our traditional United States export market..

Secondly, Mr. Speaker, I think we have a responsibility to assure Canadians not living in Alberta of a supply of oil and gas at a fair market price as the first call in our productive market.

Thirdly, Mr. Speaker, I think it's a necessary objective to develop Alberta's natural resources according to programs designed to encourage the continued establishment of secondary industry in the province.

Let me stop there for a moment, Mr. Speaker, and say this. It is essential, I believe, to include in the new oil sands policy the government is now contemplating a very definite point of high priority that says the synthetic crude coming from those plants should be refined to its end product here in the province of Alberta as far as is possible.

Because when we are really talking about jobs for Albertans, and that's what we're all concerned about in this Assembly, the economic stability for Alberta, the long long-term growth of Alberta, the broadening of our economic base for the future, certainly it isn't unreasonable at all for us to be saying to those people who want to come to Alberta that it's essential that you not only mine the oil from the sands here, but it's essential that you develop it to its end product as far as that's possible here in the province of Alberta.

Also, Mr. Speaker, we feel a keen responsibility to see that there is a guarantee of reserves which will meet the domestic and industrial requirements of the people of Alberta for a period of not less than 30 years.

It's also essential, Mr. Speaker, to initiate conservation practices which will eliminate future waste and assure the maximum amount of recovery that's possible. I have already touched upon that.

It's also essential, Mr. Speaker, and a number of my colleagues have touched upon this - the Member for Calgary Bow, the Member for Highwood, the Member for Calgary Millican that we must encourage, wherever possible, the orderly development of the Province of Alberta by the private sector of our society.

The last point, Mr. Speaker, is to assure that revenues from the depleting resources from which we are in the fortunate position of receiving those revenues today, to assure that the revenues from those depleting resources will create a heritage for future Albertans. And later on in the session I hope to have a few comments about that area.

I want to add one more point, Mr. Speaker, and that is this, that the members of the Social Credit caucus endorse the principle of a pipeline to Montreal. We will also endorse the principle of the Mackenzie Valley pipeline coming through the province of Alberta.

In conclusion, Mr. Speaker, I'd like to simply say this. We think it's important that we do all we possibly can to guarantee the development of intensive secondary industry in this province. We believe it's essential that we go so far, as far as the tar sands are concerned, to say that there must be the refining as close as possible to the end product right here in Alberta. This guarantees the jobs for Albertans.

We look at the whole energy question as it applies to Canada. We must be Canadians first. We must be prepared to share the resource which we have in this province with our fellow Canadians.

But I talked earlier about this - about the National Energy Conference - and the need for us to have some responsibility as far as the rest of Canada is concerned. It's very essential at that National Energy Conference, and before in discussions with other government leaders, that the Province of Alberta in giving a guarantee to meet the legitimate energy requirements of the rest of Canada, say to the rest of Canada, you have got to take some very concrete strides in coming to grips with the basic inequities we have faced in western Canada for years.

The inequity that comes to my attention, first of all, Mr. Speaker, is the inequity as far as freight rates are concerned.

To put it in very frank terms, Mr. Speaker, we in Alberta are the energy province and for the next number of years energy is going to be key. We have a responsibility to guarantee to the rest of the people of Canada, on the basis of a fair return for this resource, that they have first call on the supply of the energy we have. In exchange for that, Mr. Speaker, we must make the federal government and the other provinces in Canada recognize that some very concrete things must be done about the freight rate inequities. I wholeheartedly support the government in its endeavour in that particular area.

Essentially, Mr. Speaker, I think when we look at the royalty question I have outlined earlier that, at the conclusion of the second reading of this bill or sometime before that by some other minister, if that is the government's preference, they indicate to us clearly what they have in mind as far as royalties are concerned, indicate to the Legislature the kind of discussions you

have had with the people in industry. Let us know what their reactions have been.

Are you looking at some other alternatives? I don't believe we are being unreasonable when we ask you to be that honest and that frank with us. Because you are asking us to give a carte blanche approval to the Lieutenant Governor in Council. I emphasize the point I made earlier, that if you find after you have made the comments in the House, that that is the route you cannot go, you can explain that action at the spring session of the Legislature. I don't feel you should feel hesitant at all in saying, look, circumstances have changed once again. You have already told us yourselves that this is a very flexible situation and we agree with it. But the least we can expect, Mr. Speaker, is some outline of what the government has in mind there.

The same thing is true as far as drilling incentives are concerned. It is my hope that before this session concludes we get some indication of how interested the government is in upping the finances to the Petroleum Recovery Research Institute in Calgary.

I would also say, Mr. Speaker - and this may be nice music to the ears of the Minister of Mines and Minerals - that I for one would not be critical if there were substantive increases in the Department of Mines and Minerals next year when it comes to beefing up the staff of that department. I get the very definite feeling from talking to some of the people I know in Ottawa, that when Alberta goes down there we are not on what you might call any more than even footing.

I don't think you would find any member on this side of the House giving the Minister of Mines and Minerals a great deal of static if there were substantive increases in his budget for people who really have a contribution to make in the field of policy generation, in the field of getting ready to deal with the federal government or getting ready for this energy conference and things that follow. I feel that that is an area where the province might well spend some of the money it is now spending in other departments for additional people. But you are going to have to get the kind of people who are knowledgeable and ...

[Interjection]

... yes, I am getting around to him in just a minute.

And the Provincial Treasurer, after he has made the announcement about the reduction in gasoline taxes to Albertans, the next thing I wish he would get around to is helping the Minister of Mines and Minerals better cope with the federal government and being better prepared when they go down there.

Another point I would like to pass along in conclusion, Mr. Speaker, is that it may well be necessary for the province through the department of the hon. minister, Mr. Peacock, to look at taking some rather ...

MR. PEACOCK:

Industry.

MR. CLARK:

... industry, thank you, ... through the department that the hon. member, Mr. Peacock is supposedly in charge of, it may well be necessary that some very new and small Alberta companies are going to need some help with their cash flow problems.

It might well be that the Alberta Opportunity Company could provide a service there. I am not advocating that you become involved in it on a carte blanche basis but on the other hand I think you should look very seriously at some of the problems which may develop, especially if we are not able to get some sort of sanity into this whole field in the next several months.

The last point I would like to make, Mr. Speaker, is just this. I can't emphasize too much how important we believe it is that the Prime Minister and his federal colleague, Mr. Macdonald, along with the members of the House of Commons, whether they are members of the government, or official opposition, the NDP, Crediste or other groups there, how on this question of energy as far as Canada is concerned, they put some distance behind them their political affiliation and become concerned about the real problem Canada faces.

I would also say to the Premier, I am sure there are going to be moments in the next while that you are going to have the impulse to take a strip off - if



I might use that term - some of the other provinces or the federal government. You would do it in a very nice way I am sure, but the end result is the same. I would say, Mr. Premier, and to your colleagues who are involved in that field, resist the impulse if you possibly can.

We are supporting you on the basic issue of retaining the resources of this province for the people of Alberta. We think this province has a fantastic future. We believe that if the kind of negotiations, the kind of atmosphere, could be recreated or created in Ottawa, by your going to the Prime Minister face-to-face and saying: look we have to come to grips with some of these problems, hopefully prior to the national energy conference, Mr. Premier. Also perhaps before your marketing legislation has to come in - we haven't seen the legislation yet but I would urge you to get down there, demand a meeting with the Prime Minister and do more than phone him - get down there. Really genuinely and sincerely try to iron out some of the difficulties we have. I think that we can win a number of the battles we're fighting with Ottawa right now. I'm convinced we can. We've won some of them already.

In the long run we're still part of this country and the long-term future of Alberta - if we're going to come to grips with freight rates, if we're going to come to grips with making this the energy centre of Canada, and I think we have that potential, we're going to have to do this in just not shooting from the hip whenever the occasion warrants it or whenever we have the desire. I say that's true as far as the federal government is concerned; I say it is true as far as the province is concerned.

I just leave you with this point that I genuinely and sincerely hope that you will meet the Prime Minister prior to the national energy conference on a face-to-face basis and genuinely try to iron out some of the problems that have developed.

MR. MCCRAE:

Mr. Speaker, in rising to comment on this bill, I recognize, as have the other speakers, that all the energy bills and amendments we are introducing are interrelated so that the comments may be far-roving. I will however try to restrict myself to a very few areas.

I would like first to offer my congratulations to the mines minister for the dialogue and consultations that have been initiated with the industry on the land tenure system and on the incentive system. I think it is tremendously important to industry that they be given the opportunity of input to assure investor confidence and stability.

I am sure, Mr. Speaker, that all Albertans support the efforts of our government to secure a fair market value for our product. I think in this time of a rapidly changing energy situation here in Canada and North America, worldwide, that our people are more concerned than ever that we get what is a fair value for our depleting resource.

I was somewhat concerned today to hear the comments by the Member for Calgary Bow, the questions to the Attorney General relating to "unilateral repudiation of a contract" as he phrased it. I think he is making quite a fuss over something there that really leaves this Legislature very little choice. I ask the member if he does not agree with an increased royalty system which can apparently only be done by change in the statute, then does he support the export tax as being the only other way of increasing the price to Albertans? Surely not. Surely the only way to go about this is to and through an increase in the royalty system.

Recognizing that Albertans, the owners of the resource, should and must have a greater return upon the depletion of their asset, I think we have to recognize too, that industry is in a bit of a bind. It also needs some return, some increased return for the resource it is producing.

The recent price levels are unprecedented. I'm sure when the Legislature sat here some 18 months back and passed the present statute, or legislation, that has fixed the royalty rates, or allowed a change in the royalty rates, or conversely, the acceptance and payment of a mineral tax by industry, that they could not imagine or dream that the levels, price levels for petroleum products would be nearly as high as they are today. So I think it goes without saying that both industry and Alberta must generally share fairly in the increased benefits flowing from our increased production.

It's important to this House to recognize that industry has been concerned for many many months now with the uncertainty that is over, uncertainty as to

the price it will be getting, uncertainty as to the royalty rates. I think the sooner we can pass the enabling legislation allowing the Lieutenant Governor in Council to fix the new royalty rates and to assure the removal of the export tax, whether by way of a phase-out or otherwise, and the increase in pricing to our petroleum products, the better and more stable an industry we will have.

A few days back the Member for Spirit River-Fairview in discussing one of the energy bills read from the newspapers some of the rates of return of various companies. He sounded rather astounding. The increase in revenues ranged from, I believe, it was 9 to 50 odd per cent and it does sound amazing - amazing increases in returns.

But when you look at it in its true context, their increases in profit over the previous year and not related really to investment, they are really not so astounding. And if you would look at them from the point of view of the investment of the companies making the returns, I think you would find that they are very modest, or at least reasonable returns.

I think another way of looking at it might be in the light of the replacement cost of the crude or natural gas we are producing. I think in that light you'd find that the producer, explorer, came off very badly indeed. In fact, the total sale price of the product right now might be no more than it would cost him were he to go out and explore for and discover - and that's the catch - to discover new reserves.

A lot has been made in this House of the fact that many of the companies are not active in the geological or exploration field right now and that may be true to the extent that there are not a lot of wells being drilled in the deeper target areas of the province. But that isn't a matter of choice by industry necessarily. It is a cycle for business. When the prospects are good, when there is opportunity, when they know what they are drilling for, then they get out and drill. But when the geological prospects have evaded them, there comes a time when they have to sit back and reassess and determine before they go out and start wildly drilling holes in the ground. The prospects have to be there.

Being a cycle for business, if there is a fall-off now and a somewhat remarkable increase in profits, I think we should recognize that sometime down the line there will be greater exploration efforts and, at that time, the moneys being realized now will be expended again in exploration.

That is what happened when industry first came here. There was, of course, no money from production because there was no production, so the money came from abroad, to the South and overseas. I'm assured that it did not come from Eastern Canada.

When the Member for Spirit River-Fairview talks of the exorbitant profits, the windfall profits being made by industry at this time, there is the suggestion that it is a very simple matter to go out and discover and produce oil. I would suggest to any member of this House who feels that way that they take some of their money and go out and engage in the exploration business.

Mr. Speaker, I have already adverted to the dialogue, the conversations being carried on between members of the Mines and Minerals Department with industry in an attempt to improve the land tenure system, and also to find out new ways of encouraging industry. I think a number of these ways are improvements of the drilling incentive plan. It has been reasonably successful over the past year or two. But it can, of course, stand improvement as everything can.

Another area where we may find incentives would be in the secondary recovery area. At a time when there is great demand for our product and when the industry is having difficulty in discovering new reserves, it becomes more important than ever to encourage secondary recovery efforts that will improve the production from reservoirs. As the previous speaker stated, the production levels, recovery levels, are as low as 5 per cent in some of the areas, particularly the heavy oil area. It is important that the research which is so costly but so important to increasing recovery rates be done, and for that reason we need further incentives to industry to assist them in that area.

Other areas of incentive encouragement might be in plants, upstream processing plants, other diversifications of the industry, opportunities to expend their income from production in other areas of development that will assure the future of the province and the present diversification of our industry.

I think we should look also at the City of Calgary in Southern Alberta. Calgary at this time is the home of a good deal of the Canadian oil industry, certainly much of the Alberta industry and, in fact, some of the world industry. I think we should recognize the jobs the people have in Calgary - our constituents, even though some of their operations are world based - it is important to the province generally in terms of job opportunities for our people. They live here, their families are here, they operate out of the province - yes they do - but their paychecks come back here. They pay tax and participate otherwise in the life of this province and I think that's important to remember so that when we hear people carrying on operations abroad it isn't something we should necessarily frown at, or mock or harass them for. We should be proud that Calgary, Alberta is a place that they can do it from.

AN HON. MEMBER:

Edmonton too.

MR. McCRAE:

Or Edmonton as well - correct.

Mr. Speaker, the Member for Spirit River-Fairview suggested a few days back that the proper way to go about assuring an increase in return to the owners of the resource here in Alberta would not be to increase the royalty rates, but instead to go along with the export tax and to deal with the federal government for a rebate or return of a substantial part of that money to this province. And none of that money should, in fact, go to industry, unless they came cap in hand and demonstrated satisfactorily to the government that their cost of operations, their lifting operations had increased to the extent that they could justify an increase in return.

Mr. Speaker, that isn't the way this high-risk business operates. I think if the member had any knowledge of history, he could look to what happened down in the United States where the FPC, the Federal Power Commission, for years restricted the rate of return on natural gas to the exploration people in the South in the United States. As a consequence, even before the world-wide energy crisis we are facing right now, even before that crisis came about, there was a crisis down there of supply. In fact last year many schools in the northern United States and some industries had to shut down because of the attitude previously of the Federal Power Commission. Now that august government body in the United States has more recently acknowledged the error of its ways and is allowing marked increases in price several times over what were obtainable beforehand in an effort to encourage exploration of energy.

A similar situation happened in the British Isles. It was but a few years back that the British Gas Council oversaw the return that could be recovered from natural gas sales. That had a stifling effect on exploration over there. So, in fact, the British Isles in due course of time had an energy problem they are presently trying to correct. I understand that the Gas Council over there has again allowed substantial increases in the price of the product when it is sold, recognizing the necessity of much more than a rate of return on this high risk business.

I think what the Member for Spirit River-Fairview was suggesting was a straight utility type concept and it just doesn't work in the energy field. It may be a monopoly area, but the exploration game and the exploration business is not that type of situation.

Mr. Speaker, I would like now to accept the invitation of the minister which he offered to this House the other day, and that was to make some suggestions or recommendations as to what the royalty rates might be when The Mines Act is revised, as established by the Lieutenant Governor in Council, or at least what pattern, form and term they might have.

I have had a lot of discussion with people in the industry, Mr. Speaker, and the feeling I get - and I assure you I support what I hear - is that we should maintain the continuation of the present royalty rates on today's pricing or what that pricing would have been but for the price freeze fixed by Ottawa. In other words, the present level of some \$3.75 or thereabouts, plus some additional money that would have accrued to the producer here, based on the Montreal import price of Venezuelan crude as being a fair price for application of the present base rate of royalty.

Above that price increase I believe there should be an incremental sliding scale royalty which would establish itself immediately above the base price and increase as the return on production increased. In other words, if the price

went from four to six barrels the sliding scale over-ride would increase in ratio, or in tandem, with the increase in price.

With that, Mr. Speaker, I think it would be appropriate if we had a recognition that there might be a lowering of the royalty right rate with respect to low-producing pools, that is pools that are presently approaching their economic life with the increases in cost of producing them. I think it is important there, rather than see the premature or early abandonment of those fields, that the new royalty rate recognize that there might be a substantial decrease in royalty to the province to assist in the continued operation of those fields and the taking of extra production therefrom. I don't think the acceptance of that principle would cost the province any great deal of money and would, in fact, assure additional production.

I think one other important thing is that we give some firm assurance that whatever royalty rate is fixed by the cabinet it will continue for some specified period of time. I think industry does have a lot of long-range planning to do, whether in secondary recovery operations, whether in construction of plants, or whether it is simply going out and planning new exploration programs. It is probably several years between the inception of an idea that may lead to a drilling prospect, to the accumulation of land, to the drilling of the prospect, and then assuming that it might be a success, to the carrying on of further drilling to further exploit and determine the size of the prospect, and then the further years that are required to get the new discovery on to production.

I think with that type of planning required that it is also important to them that we fix the royalty rate for a term in time sufficient to assure them a return on their investment, so that they can make their plans with regard to the royalty rate knowing that it will be with them for some time in the form that they see it when they begin their plans.

Mr. Speaker, in summation I would simply like to say that I support fully the actions of the government in attempting to secure a full and proper rate of return based on world prices for our own gas production as it may occur.

I would also like to associate myself with the remarks of the speaker on the opposite side to the extent that he suggested that we should make every effort to get a fair share of the export tax presently being collected by the federal government from the production that has flowed out of Alberta since its imposition. I don't think for a moment we should be attempting to do that beyond the establishment of our marketing board and the beginning of the new price increase on January 1. But during the interval I think we should make an effort to get our fair share of the money that has been collected.

Thank you, Mr. Speaker.

DR. BUCK:

Mr. Speaker, I would just like to take a few minutes of the House's time to get into this wide-ranging debate. First of all I would like to say, rather facetiously, that when we see the minister standing up waving his arms around and making his liberal conservative speech I think we are in trouble. Because when he does that, then we think they don't have all the answers. But I would like to say that I appreciate the dilemma you are in, hon. minister. We know these are rapidly changing times and you just can't have an answer for this moment because it may be out-of-date by the time the ink is dry. We are concerned, of course, that it is a bit of an open blank cheque, but I think in fairness to you that it possibly has to be that way. We value your judgment. We hope that you use discretion and we hope the industry will have that same confidence in you.

But I would like to just take a little different tack because much of the grain has been thrashed. We have been bombarding Ottawa. We have been blaming them. But I would just like to be reassured or assured by the government that they can tell the people of this province, when do we run out of oil? When do we run out of gas? I think we seem to be debating this issue that we will never run out. When I see headlines like the latest Time, "Sorry we're dry. 50 miles per hour saves 2 million gallons of gas a year on this freeway." I think we have to think about what we are going to leave our children. Because from the figures I have seen I think we could be in trouble by the year 1985 even with the oil reserves that we now have in this province.

So we are going to have to make decisions. How much do we supply Canada? How much do we supply our neighbours who have been long-time customers? These decisions are going to be the vital ones, not how many millions of dollars have

we lost to Ottawa already. I would like to have the minister give us some indication of the number of dollars we have lost already.

I think my good friend, the Minister of FIGA, deserves being knocked for the infantile approach he took. I say that really hesitantly because I have respect for the minister and the Premier and the cabinet ministers. But I just don't think that we who are elected to this Legislature, or elected to the House of Commons, can carry on with the confrontation we had because that is just like playing in a sandbox. I don't think that is responsible. So I do hope that the government over there does get back some of the money which I think they are losing right now. As far as I can calculate, by the end of December I think it is going to be about \$140 million. Fellows, we want that money back, just as much of it as you can get back ...

AN HON. MEMBER:

With interest.

DR. BUCK:

With interest. If we can get it with interest, fine. But let's get it back because it does belong to us.

Now looking at the long term, I think we all have to admit that our wastage of energy on the North American continent is almost scandalous. We don't turn lights off. We don't utilize our motor vehicles for the best usage that we could get out of them. The Royal Bank and I happen to have a little farm, and to run this little farm I happen to have a little truck. Well, that lousy little truck gets eight miles to the gallon with the new pollution device on it.

AN HON. MEMBER:

Orange gas.

DR. BUCK:

Orange gas.

I think that if we have the technology on the North American continent to send people to the moon, surely we have the technology to come up with an internal combustion motor which can do a better job than now. Basically the motor we're using now is the same one Henry Ford invented in 1908. I think that's just disgraceful and scandalous. We have to look at these things.

As well as conserving energy, when we are asking secondary industry to come into this province because we have cheap supplies of gas and fuel, we must assure them that there are going to be feedstocks. I would like to know from the minister when we may run out in this province. I think this is very vital, because the decision within the next five years is going to have to be made - how much do we export, how much do we keep here?

When we look at conservation of energy, I think the hon. Minister of Highways has to have some better answers than he's been giving us when we start talking about ring roads or rapid transit. I think we have to start changing our thinking to moving people in a more efficient manner than now. When you go down Highway 14A past refinery row just about this time, I can guarantee you that 90 per cent of the cars have one passenger, even with the strike on now. So let's look at these things.

Let's start changing our thinking to maybe getting rid of that automobile. Let's look at rapid transit. The City of Edmonton, as an example, has, I believe, six railroads coming into the centre of the city. There is just no reason why people who are concerned with transportation, CN and CP, instead of running the rail liner to North Battleford with about five people on it, why are they not looking at running a rail liner between Leduc and Edmonton, between Fort Saskatchewan and Edmonton, between St. Albert and Edmonton? We just have to do some of these things because the fossil fuels, the energy supply from oil and gas, is not going to last.

I think the Arabs did us a favour when they turned the taps down, because we are going to take a different approach. We are going to take a more rational approach, and if you will pardon the expression, a more conservative approach to the saving of energy. I apologize for that, Mr. Speaker, but I hope it is taken in the right context.

MR. ZANDER:

What's so wrong about that?

DR. BUCK:

When we look at ...

AN HON. MEMBER:

It's a dirty word.

DR. BUCK:

To the hon. Member for Drayton Valley, I'd like to welcome him to the Conservative caucus. While he wandered in the wilderness he was an independent, he was a Liberal, he was - what was that unity party? So I welcome him to the Legislature as a Conservative.

MR. ZANDER:

When were you a Liberal last?

DR. BUCK:

I would just like to say that if the hon. member wants to get into the debate because he has a large oil industry in his area, we'd be glad to welcome him. But while I'm standing up I'd appreciate it if he stays in his place and just listens. I won't be long. I hope I'm not boring him, but I do have a responsibility to get a few things off my chest.

In looking at the oil industry, the government is responsible for fixing a royalty rate which will be fair to the people of this province and fair to the industry. When the socialists say we have to sock it to the industry, then what we are doing when we sock it to the industry is taking away the funds they have to have to pour back into exploration. I think this is something the socialists always forget. They just can't seem to understand that profit is not a dirty word. Profit is an important, essential part of doing business. If you don't have a profit you can't pour it back in to carry on and keep your business or your endeavour viable.

I would just like to make a comment or two on the Suffield gas field. Everybody in this room knew that all you had to do down in that area was to punch a hole and you were going to hit gas. But I would like to say this ...

[Interjections]

... well, 44 out of 77 is a pretty good average and I think they will probably hit 70 out of 77. But what I would like to say to the government is this, let's put a freeze on the Suffield gas field. The figure used was that there is enough gas in that field to serve the City of Calgary for the next 100 years. I say, let's leave that as a legacy for the people coming after us. Let's put a freeze on that field. Let's not use it for industry. Let's sit on it. We didn't have it before, fellas and gals, we didn't have it before because it belonged to the federal government. Let's freeze it. Let's drill those wells, let's cap them and let's leave them for the future.

[Interjections]

Okay, if you guys want to give it away that's fine. Mr. Speaker, if the hon. members want to give it away, that's fine, but I say it's timely to isolate three or four fields in the province. Let's freeze them and leave them there for the future. If we were in a desperate situation where we needed it, that's one thing. But we're not. We are assured that we have a 30-year supply of natural gas. I say, let's leave about four fields in the province, one there, one possibly in the central portion, one in this area, one in the north, and let's leave them for future generations.

In the matter of recovery, I also have confidence that technology will catch up. In some of the areas - I happen to know that the Imperial Oil test project up in Cold Lake is having more money poured into it where they are recovering heavy crude - like the Lloydminster field which is an extension of the Athabasca tar sands. I believe the technology for the recovery of more crude will come about. This is sort of an ace in the hole, because we have many of these fields where the recovery is quite low.

With that, Mr. Speaker, I would just like to say that it is my responsibility to my children and their children to see a more realistic approach, starting with this province where we have all the energy we need. We still must think about conservation. We must think about more efficient usage. I charge this government that the responsibility is theirs. I do not want to tell my children by the year 1985 that there is no more oil left in Alberta.

I thank you, Mr. Speaker.

MR. HARLE:

Mr. Speaker, I would like to get into this debate, because I think that this particular bill determines future history as far as the Province of Alberta and its oil industry are concerned. I'd like to point out first of all that it's my understanding that the federal government has not, in fact, established royalty rates for the high Arctic, and this has been the situation for the past three years.

I would think that as far as Alberta is concerned, the position we are in is extremely fortuitous because of the fact that we have had, for a good many years, an established royalty rate. This means that we are now in a position to be able to determine what it should be in the future. The federal government is in, I submit, a weak position not having established that royalty rate - what is it to do now that there is this tremendous increase in price? Where should the level be? We do, in this province, at least have a base line on which we can build.

I understand that the situation in the United States is somewhat different, but I believe most of the royalty structures are on a fixed basis. We now, in this province, are stepping into a new era because the flexibility that we are trying to build into these royalty rates will, in fact, take care of whatever eventualities occur, whether it be a terrific increase in price, or even some depression in prices in the future.

The position paper that was given to all of us a year ago in the spring of 1972, contains many documents which, I believe, are extremely important to the discussion which we're hearing at this time.

Reference has already been made to the statement of the Premier concerning the view at that time of this government toward the fixing of the royalty rate by legislation by the previous government. It also contains the very important information about the length of time that the existing leases have to run for the 21-year leases and for the 10-year leases. It is significant for all of us to remember those particular facts when at this point of time we're seeing the necessity for that change.

I merely refer hon. members again to that particular position paper because there was some mention and some questioning as to why hasn't the government put forward a position paper at this time. I would say the information is still available. It is still being put to us and it's a matter of interpretation from here on as to what, in fact, is a reasonable level of royalty.

The Canadian Petroleum Association, in its brief to our session of the committee that dealt with this matter in the spring of 1972, recommended the retention of a specific maximum royalty and rejected an open-end tax on the rights to crude oil.

Again, if we were to have some further position papers, some further hearings, what would be the position of the oil companies? Surely there's a mass of material as to what their views might well be. To go back again and to have to go through the whole process seems to me to be requesting far too much of us at this time.

There is a statement contained in this book that "From 1949 to 1971, industry spent on investment, operating costs, taxes and royalties some \$12.8 billion," and that "The revenues at that time amounted to some \$12.5 billion leaving a shortage of some \$375 million".

The CPA brief at page 8 says;

Industry is finally reaching the harvest point in the cycle. The oil and gas industry made investments and accepted the risks in anticipation that, when the time came for it to realize their rewards, it would be permitted to do so.

That's a very significant statement at this time when we're thinking of increasing the royalty. I'm sure that the increase in prices of oil that we have seen to this date means that that shortfall will be made up very rapidly. Therefore we are in a position to increase royalties at this time.

This was, of course, based on the prediction which is contained on page 9 in that submission, that for the purpose of projecting industry results we have assumed that the crude oil price will increase an average of 10 cents per barrel per year through to 1981. At the same time we assumed that natural gas prices will increase 1 cent per thousand cubic feet per year from the 1972 level during the same period.

The figures that appear in this brief are, of course, influenced by the price considerations which existed when the brief was prepared. Of course, what's happened to the price? We've seen a 95 cent increase and we've seen the supposed price increase as a result of the export tax as far as exported oil is concerned.

What about industry costs? The CPA brief breaks down those costs into finding costs, development costs and operating costs, and says that the finding costs would rise from 42 cents to 54 cents; the development costs from 36 cents to 48 cents; and the operation costs would be anticipated to be fairly stable at 53 cents. This means that their costs, as they anticipated at that time, would be \$1.31 per barrel and that these would increase over a period of five years to \$1.55 per barrel.

It's interesting that those figures should be in that brief because in Oilweek, February 21, 1972, there are also costs per barrel which cover the period 1966 to 1970. They show exploration and development costs total some 42 cents.

I understand that the CPA has recently submitted somewhat different figures to the Alberta government, indicating that in the year 1968 their finding costs were \$2.63 and that their finding costs for 1972 were \$10.98. I think it's not unreasonable to believe that the finding costs have gone up because the CPA brief bases costs on an additional reserve increase of some 375 million barrels a year.

Obviously it depends a great deal on how many barrels you divide into the actual figures they have. But if we assume that the export of oil, or at least the generation of oil from within Alberta, is somewhere in the neighbourhood of 500 million barrels a year, then surely a figure of somewhere near the 500 million barrels should be used as the factor in which to divide those costs to come up with a cost per barrel.

I think we can see that while industry obviously is concerned with the finding costs and the fact that those are increasing, there is still room on the present price increases to at least say that the government should have a greater share of the price of a barrel of oil and its royalties.

But we shouldn't reach the point of saying that we should have it all. We must give industry a part of that price increase to make sure that it does go about future drilling because it's only if we increase the reserves that are available for Canada and for Alberta that we will at least solve any energy problem we might have.

I therefore find it difficult to agree with the Member for Spirit River-Fairview who says that the province should be entitled to all of the windfall, because it's important that we have a viable oil industry. We can only have that oil industry in a viable position if we allow it to take part of the share of the increase in price.

The minister has asked that during the debate we submit some views on what share the province should take of the increase in price. And I think it's incumbent upon not only us on this side, but those on the other side of the House, to at least submit something which might be considered by the minister.

I think the question really comes down to the point of what percentage of the increase should go to the province and what percentage should go to the companies. Do we pick it at 10 per cent? Do we pick it at 90 per cent, or do we pick it at 50 per cent, or somewhere else in that range? I would think that to be reasonable we should come up with something in the neighbourhood of 50 per cent.

This will mean that the province benefits from the increase in prices and the industry also, in partnership with the province, will have its fair share of



the increase in price and it can use those proceeds in order to carry out further drilling within the province.

It's interesting to see the effect of the increase in royalty we arrived at last year, to see what has happened to the drilling done in the province since then. All reports I have seen seem to indicate that the amount of drilling has increased and that the province benefitted from that drilling program.

As the minister announced yesterday, it has produced apparently a 50 million barrel pool of oil. I think that find and the amount of drilling that has been done showed that the actual royalty increases we were able to obtain last year did not in fact discourage industry. I would think the fact that the royalty has not been determined for the high Arctic for a period of three years has not, in fact, discouraged the drilling in the Arctic.

I think we can argue on the same basis that increasing the royalty share for the province on any increase in price will not, in fact, discourage future drilling in the province. I think this is extremely important from the point of view of the confidence that we must place in an industry which has contributed so much to the benefits we have here in Alberta.

I was very interested in the comments of the Member for Spirit River-Fairview when he, in addition to indicating that the province should have all the revenues, went on to say that the province should receive all the export tax.

He says that no one in Ottawa is laying claim to control of natural resources. All I can say is, you want to bet? Because it seems there is a deliberate attempt to control the natural resources of this province, especially in the field of oil and gas. I would say that that comment applies equally well to the federal leader of his own party because I detect somewhat of a difference between his view of what should be done with that export tax and the view of the leader of his federal party. He has said that we should have it all. The leader of his federal party says that we should get a percentage. This is important.

I wonder what happened between a period of perhaps November 13 and today because I read in The Edmonton Journal, he says that we should be negotiating for a share of the royalty. The other day we heard him say that Alberta should have it all. What happened in the interval? Did something happen on his visit to Manitoba? Was it the fact that the Manitoba government also realized it would be better if the provinces received all the export tax? Is this what prompted the change of heart? Because it's very vital that Alberta - at least right at this period of time - says that it is wrong in principle that there should be an export tax.

What sort of bargaining position would Alberta be in if we accepted the viewpoint of the Member for Spirit River-Fairview when he has already said that we should only receive a share of that royalty? We have said it's wrong in principle. If this has appeared to raise the ante offered by the federal government, if we had already committed ourselves to a share of the royalty, where would we be now? Would we have to do what he has done, come cap in hand into this Legislature and say, I was wrong, we should have it all? What sort of bargaining position would we be in?

MR. NOTLEY:

Mr. Speaker, on a point of order ...

[Interjections]

Just so that the hon. member should not mislead the House, he should be advised that when I spoke at this Legislature during the fall session I made the point that all proceeds of the export tax should come to the producing province. I made that point when the export tax was imposed. I made it during the fall session. I have taken the same position. The member is entitled to his point of view but he is not entitled to mislead the House.

SOME HON. MEMBERS:

Agreed.

MR. HARLE:

Well, Mr. Speaker, in a clipping from The Journal of Wednesday, November 14 I read this, and this may not be his position but this is what I read. "The Alberta New Democratic Party leader, flanked by ...

MR. SPEAKER:

Order, please.

[Interjections]

There is grave doubt whether the media should be injected into the debate. Perhaps the hon. member would like to express his own opinion.

MR. HARLE:

Thank you, Mr. Speaker, I'm sure the point has been made.

The Member for Spirit River-Fairview alleges that the Premier blew a major point of tactics. I would suggest with the greatest of respect that there has been no blowing of anything because in fact we have sat tight. We know we are on sound ground, we have retained that position from which we can negotiate, and that is very important. We have not put our hand on the table, we have not put our cards on the table so that they are in full view. I think this is tremendously important over the next several weeks and months until this particular crisis is over.

Some point has been made during the course of this debate of a statement which appeared, I think first, in Prime Minister Trudeau's TV statement, in which he sort of dangled the carrot that the federal government wished to have the energy crisis on the agenda of the western economic conference. Now with respect to those who hold that view that was implied by Prime Minister Trudeau, as far as I am aware the energy crisis had not in fact developed at the time that conference was held. It was in the process of coming about no doubt, but the actual crisis had not arrived.

Natural resources were on that agenda and a great deal of time was spent on discussing natural resources and the oil and gas resources of this province. So I think really you have to read that conference to find out that in fact a lot of time was spent on discussing energy.

The federal government had said that they were going to have an energy conference. In fact, as my recollection is, that energy conference was planned for the fall. There was, therefore, no need to have it on the agenda of the western economic conference. It is my understanding that it was the federal government that requested it be postponed. As I understand it, it is scheduled for sometime in the spring.

It is important that the implied rejection of putting energy on the western economic conference agenda was something that was deliberately done by Alberta. I don't think this is the case at all.

I would just like to refer to the remarks of the Leader of the Opposition. He says that his party is opposed to the export tax. He also says that we must get to the bargaining table to get a large portion of the export tax and he urges the province to get our share. Again I say to him, we are bargaining from a position of strength. I get the distinct impression that had he been in a position of being the Premier of this province, would he have played the bargaining game from a position of strength or would he have given it away by saying we will take a share of the royalties?

He agrees that the government should have flexibility and yet takes away that flexibility by saying that we should put our royalty structure forward as a government policy. Again I say to him, surely if we are to be flexible the government should not commit itself to a policy of saying what royalty we should take at this time. We don't know what is going to happen to the price.

It is most important that when we are dealing with the oil companies we don't express a position which a month or two months down the road we find is incredibly low. Because I see references in the newspaper of United States' companies buying Nigerian oil at over \$16 a barrel. So why should this government put out a policy paper saying what that royalty structure should be?

[Interjections]

And so you shouldn't but you have been asked to tell us what your views might be on that royalty.

MR. LUDWIG:

Give us some idea.

MR. HARLE:

We didn't hear very much from your side as to what that royalty structure should be. At least this government should be in a position where it is not committing itself too much ahead of time.

Mr. Speaker, I beg leave to adjourn the debate.

MR. SPEAKER:

May the hon. member adjourn the debate?

HON. MEMBERS:

Agreed.

MR. HYNDMAN:

Mr. Speaker, concerning the business tomorrow, as I mentioned previously, we will not be sitting tomorrow evening. Tomorrow afternoon we would hope to finish second reading of Bill No. 94, The Mines and Minerals Amendment Act, 1973; and then move into Committee of the Whole House to consider Bill No. 53, The Arbitration Amendment Act, 1973; Bill No. 96, The Gas Resources Preservation Amendment Act, 1973; and Bill No. 93, The Freehold Mineral Taxation Act. If there is time, we will move to second reading of Bill No. 87, The Alberta Insurance Amendment Act, 1973.

MR. STROM:

I am wondering whether the Government House Leader can give us any indication as to whether the bill on the marketing commission will be introduced tomorrow so that we might have it?

MR. HYNDMAN:

Yes, Mr. Speaker, we would see it as being introduced tomorrow, barring eventualities which we couldn't foresee.

MR. SPEAKER:

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

[Mr. Speaker left the Chair at 5:31 o'clock.]