

LEGISLATIVE ASSEMBLY OF ALBERTA  
Thursday Evening, December 13, 1973

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

NOTICES OF MOTIONS (CONT.)

MR. HYNDMAN:

I'm going to ask unanimous leave of the House to revert to Notices of Motions for a moment.

MR. SPEAKER:

Does the hon. Government House Leader have leave of the House?

HON. MEMBERS:

Agreed.

MR. HYNDMAN:

Mr. Speaker, at this time I wish to give notice of two government motions to be moved tomorrow.

The first motion, to be moved by myself and seconded by the hon. Opposition Leader, is as follows: that, a Special Select Committee of the Legislature be now established under the Chairmanship of the Speaker and consisting of the following:

Messrs. Appleby  
Clark  
Cookson  
Cooper  
Hansen  
King

with the power to meet at the call of the Chair, receive remuneration in accordance with Section 59 of The Legislative Assembly Act, incur reasonable expenses which, subject to the approval of the Chairman, shall be paid from Appropriation 1902, and further, that such committee shall continue effective until the prorogation of the Third Session of the Seventeenth Legislature.

That relates to the Members' Services Committee.

The second notice I wish to give is of a government motion to be moved tomorrow by myself, seconded by Mrs. Chichak, that the report of the Legislative Committee on Professions and Occupations shall be placed in the hands of the Queen's Printer for the purposes of such publication and sale considerations as may arise in response to public inquiry.

That's to enable the Queen's Printer to meet demands for the report over the next four months.

GOVERNMENT BILLS AND ORDERS  
(Second Reading)

Bill No. 95 The Petroleum Marketing Act

MR. ANDERSON:

Mr. Speaker, in reference to the proposed marketing legislation, let me say that there are three conditions upon which I would favour the creation of the Petroleum Marketing Commission. These conditions are: first, that the proposed board ensure that all Alberta crude is sold at a price reflecting world crude prices; second, the proposed board be enabled to buy and sell refined products as well as crude; third, that the proposed board not become a massive bureaucracy with all the frustration and aggravations that go along with it.

I feel, Mr. Speaker, that the government's proposed marketing board does not fulfill these conditions; therefore, I must express my objections to the legislation. There are provisions in the act, Mr. Speaker, which create a massive bureaucracy, a bureaucratic organization with sweeping powers.

Other sections, Mr. Speaker, are ambiguous and contradictory. I believe that the marketing board must serve a simple and direct purpose, to purchase, sell or lease petroleum products in order to make sure that Albertans receive the highest return from their non-renewable resources.

Under the government's legislation, the marketing board would have powers far and beyond the real purpose of the board. Mr. Speaker, I believe that legislation such as the government proposes would set a dangerous precedent for the private industry in Alberta.

Mr. Speaker, the people of the province have the right to expect the highest return for the sale of their resources. They can see that in the past they have not received enough for their ownership of petroleum resources in this province and at the present are not receiving a proper return for their resources.

Marketing legislation based on the principles that I have proposed would not burden the people of the province with a massive bureaucracy and would restrict itself to the direct purpose of the marketing board. With the proposed legislation, Mr. Speaker, the private sector of the petroleum industry is reduced to only exploration and drilling within the province, while the private pipeline companies are only common carriers.

It may be said, Mr. Speaker, that with so much control going to the government under the sweeping powers proposed under this legislation, there will be little incentive for private companies to explore or drill. Mr. Speaker, in view of the fact that the proposed government legislation does not meet those requirements - which I support - for a marketing board, I must therefore voice my objection to Bill No. 95 and I find it hard in its present state to support.

MR. KOZIAK:

Mr. Speaker, I have been getting my exercise jumping up and down trying to obtain a place in the speaking order primarily because of the excellent material that has been brought to the discussion by members on both sides of the House. Of course I didn't want to be in the position where by the time my speech came around everything had been said and I would just have to cross everything out. I must say that I might be repeating gems of wisdom that have already been brought to the attention of the House. In doing so I of course wish to acknowledge the work that these speakers have done.

The Bill No. 95 that we are considering in this House, being The Petroleum Marketing Act, of course has more than one purpose, but we must look at it, at least I feel that I am going to be looking at it, from the point of view of selling oil, selling our product, our natural resources.

Now, there's one school of thought, Mr. Speaker, that feels that we shouldn't sell our non-renewable natural resources; that to the greatest extent possible we should hoard them because ultimately there will be a shortage and if we sell them now we won't have them for the future.

The thing that interests me about that school of thought, Mr. Speaker, is an article I read, oh, perhaps two or three weeks ago, which brought to my attention that it takes about ten calories of oil to give us one calorie of

food. Huge amounts of oil are used, not just for planting and harvesting machines, but also to make synthetic fertilizers and pesticides.

Another article brought to my attention [states] that it takes three pounds of feed to create one pound of meat. Well, Mr. Speaker, nobody suggests that we shouldn't export our wheat. Nobody suggests that we shouldn't export our beef. We are a trading nation and agricultural products form a great part of the export goods with which we trade.

So if you take the argument to its logical conclusion, if we shouldn't sell our oil when it takes ten calories of oil to produce one calorie of wheat, then by no means should we sell our wheat.

Our manufactured products, Mr. Speaker, require energy before they are put into the form in which we can export them, before they are useable. All the processes that they go through use energy. Again, the same argument could apply to the export of manufactured goods. Where would Ontario, where would central Canada be there?

I'm aware of two major uses of our natural resources, our petroleum products. The first is the energy one, of course, and the second is as a feedstock for the petrochemical industry.

Now, it has been suggested that: "The first North American plant to produce single cell proteins from hydrocarbon feedstocks may be established in Alberta." Here we have a use for our crude oil which is separate and apart from its energy quality. I also note that the petrochemical industry uses crude oil, uses our natural resources in the crude oil, uses our natural resources in the petroleum state, as feedstocks for its industry. We are now looking at the possibility of a huge expansion in this particular field in Canada and also in Alberta.

Owen F. Elliott, vice-president, marketing of Dow Chemical of Canada has suggested that capital expenditures of between \$600 and \$800 million a year for the next three years would be made in this area. At the moment the industry is concerned that the petroleum feedstocks be given the priority that they deserve in this time of supposed crisis.

Mr. Speaker, the vice-president advises that "The chemical industry needs only a small percentage of Canada's energy - 8 per cent of Canada's crude oil by 1980." Yet that would indicate job increases in this area of approximately 15,000 over the next three years with a total of 90,000 people employed in this area. At the moment, the industry uses approximately \$70 million in feedstocks and from this it produces resins, synthetic fibres, organic chemicals and fertilizers with a final consumer value in excess of \$2 billion - \$70 million converted into \$2 billion - well, that seems to be the way we should be using our crude oil.

Figures seem to show that there are approximately 32, 34 more years of conventional crude reserves in the world at present productions. If we were to redirect the use of crude oil from our petroleum, our natural resources, from the energy field solely into the feedstock area for the petrochemical industry, this would amount to, if you use the 8 per cent figure, approximately a 400 year supply. Now that doesn't include non-conventional reserves. If we took all our non-conventional reserves into account, there would be no reason in the world why there should be any limitation placed on the use of our natural resources at all for the sole reason of providing feedstocks for the petrochemical industry or feedstocks for any industry that would use it, from the known uses that we have today.

But what about the other major use which takes up, it would seem, 92 per cent, and that is as energy. We have cars and trucks and planes and trains that use a refined form of our natural resource. Our natural resource is converted into other forms of energy such as electricity. If things remained unchanged then, as I have said, we have about 34 years of known reserves in the world, and Canada has approximately 1.5 per cent of those.

Now, of course, let's not make the same mistake that others - the federal government for one - have made in completely forgetting about our tar sands. I think that even the most conservative estimates, discounting the quantity we have there, discounting the amount that we can recover from the quantity we have in Alberta, suggest that we will have a minimum of 170 billion barrels of non-conventional crude, of synthetic crude, in the Alberta tar sands. And that is on the basis of recovering 25 per cent of what's actually there.

Now the interesting thing about that - 170 of course represents about 25 per cent in comparative figures, 25 per cent of what the world has, at least

what it knows it has in the way of conventional crude today - but the interesting thing there, when we are crying wolf about not having any energy, is that those 170 billion barrels of synthetic crude up there which we are now developing at about 50 to 60 thousand barrels a day and going to be increasing by approximately another 100 thousand barrels a day, represent, according to An Energy Policy for Canada, Page 14, 1 per cent of the world reserves in that state.

If I may quote from the policy:

For instance, oil shales and oil sands around the world contain more than 100 times the oil stored in our oil sands and these new international sources will begin to become available well before the end of the century as prices rise significantly. We are fortunate in having an assured energy resource self-sufficiency for a long period into the future, but Canada's future role as a world energy source will not be significant.

That's important.

We have in our tar sands 170 billion barrels of recoverable reserves and that represents only 1 per cent of what is available in the world. If we use the same rules, about 20 billion barrels a year I believe is the annual production in the world, if we apply that and say, that is what we're going to use, assuming no magic increase, then at a 25 per cent recovery rate we would have in the world 850 years of crude supply. If during those 850 years we developed our technology to the point where we could extract 50 per cent, we would have 1,700 years of supply.

So, I don't think the people who are suggesting there is a shortage of oil take that into account, and yet it's there - maybe not all recoverable or brought to market at this stage. That's a problem of distribution, that's a problem of our transportation system. It's not an energy shortage.

What bothers me is - if some of you read the comics - what if the sky falls in? That is what I think I would compare the situation in Alberta to. What if all of a sudden we didn't need oil? What if the world didn't need oil? What if all of a sudden the internal combustion engine, fed by the refined petroleum products, becomes extinct? You know the horse. We used to have millions of horses. They're not around any more. What happens if the oil burning ...

[Interjections]

... Mr. Speaker, what happens if the oil and the natural gas burning stoves and furnaces follow the way of the coal and the wood burners? If that happens we can still supply the petrochemical industry with the necessary feedstocks for the production of those very products that require the petroleum feedstocks.

But if we take a look at what has been said, what we need is 8 per cent of the crude requirements, that's about 10 to 20 days of Alberta production. So for 10 to 20 days our natural resources produce is sold, and then what happens for the other 345 and 355 days? With an economy like ours where one-third - as the hon. Member for Jasper Place mentioned - depends on the oil industry, that would be disastrous to Alberta. As I say it would be a situation akin to the sky falling.

Well, is that possible? I mean, am I standing here giving you a bunch of nonsense - that there's no way that will ever happen, that we'll always use our oil and we'll use it up and we don't have to worry about those things? I don't think that's altogether an unreal thought.

An increasing number of articles I've read recently indicate alternate uses of energy, or uses of alternate forms of energy, for the same reasons that we use energy now, transportation. An article which appeared a couple of days ago in The Edmonton Journal suggests that "Electric Car Sales Increase". The president of a firm which manufactures electric cars was quoted as saying, "The average person can operate an electric car for about a half a cent a mile ..." - a half a cent a mile as compared to what we now know of approximately 11 to 15 cents a mile, "... with maintenance costs practically non-existent." It also said that "the 20 T-3 dealers across the United States have developed eight months of back orders." So that there is; whether it is a trickle - but it's a start. It is a movement from the internal combustion gasoline-burning engine into the electric car. Another inventor says that he has built an electric car which "... can travel 300 miles at a recharging cost of 38 cents."

It has been suggested that the sun is one of the greatest sources of energy we have. "The total sun power shining on the ground in the contiguous 48 states alone is 600 times more energy than used in the U.S." What happens if that were harnessed?

The hon. Member for Lloydminster suggested that we all remembered when Leduc No. 1 blew in. I recall the hon. Member for Edmonton Highlands suggesting that he didn't because he wasn't around then, or was just one year old. But most of us remember it.

When Leduc No. 1 blew in in 1947, how many of us would have thought that there would be people walking around the moon, or ships taking trips over to other planets? But it has happened. So when scientists suggest that they can put a satellite into orbit above the atmosphere, which would be exposed to sunlight on a 24 hour a day basis and could relay that sunlight to a collection system on earth, I don't disbelieve it, and I don't think that we should disbelieve. The penalty for the Province of Alberta in disbelieving that something like that might happen is that we may be caught with all that oil, and an economy dependent on all that oil, and no market for it. So we have to take these things into account when we ...

AN HON. MEMBER:

You've got to be kidding.

MR. KOZIAK:

... develop our policy.

I see that the doctor from Fort Saskatchewan is with us this evening. I am pleased.

So, Mr. Speaker, relying on the parable of the talents, I would suggest that we not leave our talent buried in the ground, but that we put it to good use. We must grasp opportunity when it knocks. Right now opportunity is knocking and we should be selling our oil.

Now the question comes, of course, at what price? Well, I think that Bill No. 95 is on the right stream when it suggests, in Section 21 (1) (b), that "The Commission shall sell ... at the highest price that it may reasonably negotiate ...". I agree with that, Mr. Speaker. That is a provision that must be in the act, and that price should apply equally to every consumer. We shouldn't have, as has been suggested, one price for Canadians which is cheaper than the highest price that we might reasonably be able to negotiate. We are trustees, Mr. Speaker, of this oil for the people of the Province of Alberta, and for the people of the Province of Alberta who will be here years after us. I know of no principle of law which permits a trustee to dispose of the assets of a trust at anything other than the best value that he is able to get for them.

There has been some suggestion that in setting this price we should penalize our neighbours to the south. I am a little concerned, Mr. Speaker, about the way we can get stampeded into an anti-American, or an anti-European, or an anti-South American attitude, and we are being stampeded into it, Mr. Speaker. Members on both sides of this House, I am sure, have friends not only in the rest of Canada but in the United States of America. I'm sure they have relatives, close relatives, not only in the rest of Canada but in the United States of America. Let's not forget that we are not that different from these people. I don't, in any way, condone any suggestion that we should be treating the people who are in actual fact friends and relatives to the south any different than we should be treating those same friends and relatives to the east. So the price of oil which leaves Alberta should be the same no matter where it goes.

The danger that I see with the price is that if it gets too high, then here's where we are on sort of a fulcrum. If it goes up nicely, well, it creates the incentive to explore. It creates the incentive to find new reserves so that's good. We find more oil. We need it. But, if it goes up too high, what happens is people start to look for alternate sources of energy.

As one article suggested,

Congress [in the United States] appears ready to head the nation on a crash program of energy research and development that is likely to cost many times the \$2 billion of the Manhattan Project that produced the atomic bomb in the Second World War.

Well, Mr. Speaker, that, if it was directed in the area of making other forms of energy, such as the sun, economically useable - or even take a look at the Colorado oil shales - if it was directed in that field and resulted in those shales being economically recoverable for the use of the markets in the United States, how would that affect Alberta, again remembering the degree to which our economy is dependent upon the oil industry?

We see with the export tax and whatever policy the federal government is developing in the energy field, that they want to have more say, if not control, with the development and distribution, et cetera, of oil petroleum products. Well, the thing that concerns me about that, Mr. Speaker, is when we compare the job that has been done in this field by the provincial government in Alberta with what has been done by the federal government, I'm afraid for Alberta, even for Canada, if that policy and control were taken strictly into the hands of the federal government.

In 1962, in Alberta, there were 433 exploratory wells drilled. I believe in 1972 the figure was 1,058. I have heard reports that the increase, primarily in the last year, has been due to our government's exploratory incentive system. As a result of that more oil has been found. But what has the federal government done? Can anybody think of anything?

According to Table 2 on Page 89 of An Energy Policy for Canada, there seems to be, in Canada - and I was surprised by this - approximately 100 billion barrels of recoverable conventional crude not including the tar sands. Of that, about 18 per cent is found in Alberta, Saskatchewan and Manitoba, predominantly in Alberta. So the rest, about 82 per cent, has to be somewhere else in Canada. Well, what has the federal government done about bringing that to market? Is anybody aware of any crude oil from this 82 per cent being made available to the supposedly energy-starved eastern market? I'm not. But Alberta is able, on a daily basis, to provide central Canada, part of the United States and itself with up to 1.5 million barrels a day. Who is more competent?

Mr. Speaker, when members of this government and members of the previous government suggested that a pipeline should go into Montreal to supply the eastern market with western crude, did we get much more than a yawn? Suddenly there is a shortage in eastern Canada and while a pipeline is being planned, it seems to be nothing more than a pipe dream at the moment.

Then there is the suggestion that the federal government will move crude oil from western Canada to eastern Canada by rail. We all know what railroads are, we all know whose responsibility railroads are under the British North America Act, they have been the federal government's for the last 100 years.

In The Financial Post it is suggested that there are three major tank car leasing companies in Canada that own predominantly all the tank cars. Well, here is what an official of one of the companies suggests about that scheme. He suggests that Energy Minister Macdonald and his officials suggesting that approximately 50,000 barrels of oil per day could be moved from Toronto to the eastern refineries is "pure fantasy." There just isn't any extra capacity. We don't have the rail tank cars, neither do any of the other companies. To count on rail to move these large quantities of oil is a bad mistake. So here we are, a government that is suggesting we're more competent to deal with matters of energy, can't even move oil to its starved eastern markets by the very system which has been under its control for the last 100 years, because it hasn't got any cars.

Approximately 10 per cent, maybe a little bit more, of the federal economy is made up of the production in the mining industry which includes not only the petrochemical field, but mining in all its forms. If they jump in here and make some mistakes that cost money, well it's not going to hurt Canada that badly; but remember, the petrochemical and the petroleum industry is one-third of Alberta's economy. If the federal government jumps in and makes mistakes it is going to hurt us. That's another reason for this bill.

Mr. Speaker, an article has been brought to my attention that suggests that there will be a scarcity of paper over the next two years:

Newsprint producers in British Columbia predict the current delicate balance between supply and demand for their product will continue for the next two years. The price tag is almost certain to go up.

Further:

Of the total Canadian production of some eight million tons of newsprint this year, 7.3 million tons is being exported, leaving only 700,000 tons for the domestic market.

The current price of newsprint is \$174 a ton and it is expected to go up to \$225 a ton. All of the basic framework for an export tax, isn't it? It even seems worse. Here we have a shortage and of the 8 million tons produced 7.3 million is being exported out of the country. And still we haven't heard of an export tax.

It may be suggested that if an export tax isn't imposed on newsprint, freedom of the press would be interfered with. Also, a thing that is important, Mr. Speaker, is that there are people who have cars and don't drive them every day. And there are people who don't have cars. But I don't know of anybody who doesn't use paper.

There are some enterprising gentlemen who have suggested that there is another answer to the energy crisis and that we can produce energy by using hog manure. Well, Mr. Speaker, it is my feeling that the energy policy that is presently being developed by the federal government is good raw material for this new form.

MR. CHAMBERS:

Mr. Speaker, I am pleased to be able to participate tonight in the debate on the second reading of Bill No. 95, The Petroleum Marketing Act, which is one more segment of a total package of new energy legislation.

I want to congratulate you, sir, for allowing a reasonable latitude in debate with respect to these bills, recognizing that they are also closely interrelated and that, for debating purposes, it is almost impractical to separate one from the other.

Furthermore, I would like to congratulate all members of the House who contributed to the various debates so far. I found them thoroughly interesting and informative and I think members have generally been most sincere in their contributions.

The main thing that I got out of listening yesterday to the lengthy and apologetic surrender by the Member for Spirit River-Fairview was that he impressed me with his knowledge of Latin, as I believe I heard him use "quid pro quo" several times. Never having liked Latin in school or ever been a very good student of it, I seldom use it, let alone understand what these expressions mean, which is probably why I became an engineer instead of a doctor or a lawyer.

But there is one argument that I believe should be laid to rest as soon as possible, and that is the statement by the hon. Member for Spirit River-Fairview to the effect that he doubts that energy costs have gone up. Certainly an understanding of industry costs is important, since these costs obviously have an important bearing on what the new Alberta Petroleum Marketing Commission will be embroiled in. Frankly, Mr. Speaker, it's ridiculous to infer that costs in the oil and gas industry have not gone up. Any thinking Canadian knows that this statement is absurd.

Costs have gone up in every segment of the industry. Let's look at one important aspect of the industry, service rig costs. These are the maintenance rigs that pull the rods, repair the bottom hole pumps, work over wells, whether gas wells or oil wells, and generally keep them going. I recently talked to some of these operators and got some numbers from one operator in particular who I think represents the average of the group.

During the past year, that is from October 1, 1972 to October 1, 1973, personnel costs, and this includes wages and travel, increased 16 per cent; vehicle repair costs increased 10 per cent; rig repair costs, 15 per cent; tools and miscellaneous supplies, 12 per cent; fuel and lubricants, 15 per cent; fixed wages, 10 per cent; workmen's compensation, 14 per cent; insurance, 10 per cent. In fact, their overall costs, even with careful management and cost control, during the twelve month period - and I know this operator to be an efficient one - have increased by more than 12 per cent. Of course, these costs have to be passed on the producing companies and therefore are directly reflected in the producers' lifting costs.

We could also look at drilling costs. These have been rising steadily and the drilling rig operator's costs have actually doubled since 1968. Day work

drilling rates on a typical rig have gone from \$1,600 a day to \$2,400 a day during this five-year period.

Mr. Speaker, oil and gas development includes a lot of construction and, of course, uses a large volume of steel. Steel costs - and here we're looking mainly at steel, I think produced in Ontario and shipped out to Alberta - have been, according to my information, increasing by 2 per cent per month during the past year.

I think that perhaps the members would be interested in knowing that a shallow gas well - and here I am talking about wells in the 2,000 foot to 3,000 foot range, which until recently could be completed using a lot of this eastern steel in the tubulars as well as surface equipment - could be completed for about \$25,000. The same type of well now costs between \$50,000 and \$75,000.

I could go on and give you a lot more cost details, Mr. Speaker. But I am sure the facts are plain to all Albertans and they should be plain to all Canadians, that the oil explorers' costs are rising dramatically, just as everybody else's costs are. The fact is, we're in an inflationary period.

At this point, Mr. Speaker, I'd like to look briefly at the sanctity of contract issue which was raised so eloquently and dramatically by my toastmaster friend from Calgary Bow. Let me say with ...

AN HON. MEMBER:

Please.

MR. CHAMBERS:

Let me say with complete sincerity that the sanctity of contract is of vital importance to anyone who believes in the free enterprise system. I think that members of both sides of the House have had to do a lot of soul searching with this one.

But you know, hindsight is an easy view, as is so often stated by the hon. Member for Cypress. I personally would not be too hard on the people who drafted the 21 year leases and the one-sixth maximum royalty. I'm sure that in that era it appeared necessary in order to get the industry to come and invest here. And, don't let's forget for a minute that the East didn't covet our oil in those days. In fact, they didn't want it at all, they wanted to use cheap, imported oil and we had virtually no markets out here. I don't think anybody back then could have predicted the dramatic changes that have occurred in the world energy scene. However, these changes have occurred, and the fact is that the one-sixth maximum is no longer acceptable to the Alberta people, and every thinking individual in Alberta knows this.

During Oilweek magazine's drilling symposium and panel discussions that they held recently, a representative of a major company stated, and I quote: "It appears that most operators would be satisfied to go along with a moderate royalty increase as prices go up". Furthermore, I have talked to a lot of the people in the industry during the recent months and weeks. I think it is fair to say that the vast majority - and by the way, these fellows are all good, concerned Albertans and Canadians, just as we are, as well as being employees of the oil industry - they feel that this whole contract is actually now, in view of the federal government's intervention and actions, an anachronism.

It really boils down to the industry and the Alberta government sitting down together and tearing up the old obsolete agreements and drafting new meaningful royalty schedules which are fair to all concerned. And of course, the legislation that is before us these days provides the basis for this new approach.

It's unfortunate that so many industry people put so much time and effort into looking into the mineral tax versus the royalty option, an exercise that obviously cost a lot of time and money, but I think it would have resulted in a fair, workable system for that five-year period if the federal government had kept their greedy hands out of our business. However, that's water under the bridge now. And I'm confident that the industry and the Government of Alberta will pull together in the critical months ahead.

What the industry wants to be assured of is a square deal. In this regard I will have to take some exception with the hon. Member for Wetaskiwin-Leduc who indicated in debate on Bill No. 94, I believe, that all of the excess dollars realized due to the rapid escalation of prices should accrue to the government.

I may have misinterpreted him on this and, if so, I hope that he will clarify the statement on this point.

With the exception of this statement, I would like to go on and say that I think his contribution to these debates has been outstanding and I want to congratulate him for his obvious common sense, wisdom and knowledge of the subject.

Some hon. member, I think it was the hon. Member for Stettler, suggested that a continuation of the existing sliding scale royalty up to the present 22 per cent level and pegged to the present price of, say, \$4 be maintained with a 50-50 split from there on as prices rise. I think that is what he said, and, at first glance, that may be a reasonable approach.

I am sure I don't know what arrangement will ultimately be worked out by the government after further consultation with the industry, but I am confident the royalty schedule that will be worked out will be fair to the people of Alberta, the owners of the resources, and also fair to the oil and gas industry, whose health and enthusiasm is so important to our province.

Let's not forget that not only have the oil industry operating costs been rising rapidly, but also the finding cost for new oil, and I think that's perhaps the most important point of all, because the easy-to-find oil has been found. Although we did average between \$1 and \$2 per barrel through the 1950s and 1960s we are now, according to reliable industry sources, somewhere between \$4.10 and \$4.30 per barrel.

I think we have to think hard about that when we compare that with the average Alberta crude price today of \$3.88 a barrel. Here I am talking about Alberta finding costs which are probably a lot less, at least to this point in time, than the finding costs in the remote Arctic and offshore areas.

I think we should also keep clear in our minds that exploring for oil and gas is not in any way the same as investing in a furniture factory, where you can plan your location, your costs, your production, your sales and maybe even to a certain degree your profits fairly accurately, perhaps right from the start.

The petroleum business, on the other hand, is a Las Vegas dice-throwing kind of operation where you can lose big or you can win big. I think that when any of us buys a lottery ticket we expect to collect if we win. I know that a lot of us who worked in the early years of the industry, following the discovery of Leduc, wondered how long companies would continue to pay our wages when they went further in the hole every year. They drilled dry hole after dry hole and it wasn't just a few dollars but hundreds of millions of dollars. But eventually this gamble started to pay off. Only recently has the industry experienced a turnaround and the windfall profits that the leader of the New Democratic Party talks about are really non-existent.

I was pleased to see that Imperial Oil, which is probably the biggest and most important subsidiary of an international company, published some recent statistics, in Time magazine and other places, on their corporate performance. They pointed out that the price of Alberta crude oil is only 16 per cent higher than it was 25 years ago; while, in comparison, the cost of raw materials generally has risen 58 per cent over the same period. They also pointed out that the wholesale price of their product, that is the refined product they are selling to dealers, increased only 21 per cent since 1948 while the general wholesale index in the country has increased 95 per cent over the same period. During that period weekly wages and salaries have risen 400 per cent.

To look at it in another way, in 1948 the average Canadian wage earner had to work 25 minutes to buy a gallon of gasoline. Now he only has to work 8 minutes. Today's gas is also a better product than it was then.

That company also points out that the Canadian oil industry, as a whole, made an after-tax profit in 1972 of 7.4 per cent on the money that they had invested compared with after-tax profits of manufacturing, which is to a degree a much less chancy industry, of 7.3 per cent. In other words, just about the same profit as manufacturing did in 1972. I think we allow our public utilities, which carry essentially no risk at all, a profit of something over 8 per cent. These are windfall profits?

I suppose if you look in absolute terms Imperial's profit appears to be big, \$151 million last year. This is the kind of figure that the socialist leader from Toronto grabbed out. But, Mr. Speaker, you have to look at the size of that company and the size of the capital investment and the return on the

dollar that they invested. Another way to look at it: for each dollar that that company invested in 1972, they actually earned only 7.3 cents. I don't think we should declare that excessive by any stretch of the imagination. Yet Imperial, I would have to assume, is one of the most successful of the oil companies.

Another key point I think, Mr. Speaker, is that the industry has been making these modest profits from cheap oil, the oil with finding costs that we mentioned of \$1 to \$2 a barrel. It is obvious therefore, to me at least, for for the industry to obtain any kind of reasonable profit in future development where we are talking about really high-cost oil and gas, whether it be tar sands oil, arctic oil, offshore oil or deep foothills gas, then the crude oil prices and the natural gas prices just have to rise significantly in order for there to be any incentive at all for people to explore and do research and development in this industry.

People in Canada and indeed all over the world, I think, are going to have to be prepared to pay significantly more for petroleum products. Let's face it, we could pay significantly higher prices and still have a bargain compared with the way the costs of shelter, food, clothing, cars and everything else that we use have gone up. Again I underline that we pay little more for gasoline now than we did in 1948. Certainly governments can soften the blow by reducing taxes, both at the federal and provincial level, on petroleum products.

One other point that Imperial made was that for every dollar that came to them from crude price increases, 82 cents of that dollar stayed in Canada. Out of this, 49 cents went to governments; the remainder was distributed to the Canadian shareholders or reinvested. I think it is important that we don't overlook the Canadian shareholder. A lot of Canadians have invested their dollars in good faith in the oil industry and they have a right to expect a reasonable rate of return on their investment.

Mr. Speaker, there is one area on which I would like to make my views perfectly clear. This has to do with the difference between existing conventionally-found oil and new oil. As I have said before, the bulk of the oil reserves that are being produced today were discovered at relatively low costs, between the \$1 and \$2 range, compared with today's new finding costs which appear to be in excess of \$4. I think it is only fair to say that those producers who choose to no longer participate in the exploration and development of Alberta, whether in looking for conventional reserves or synthetic production, should pay higher economic rent than those who choose to stay. Obviously those people who choose to stay and invest in Alberta must be encouraged, whether through a new royalty plan, more tax credits or drilling incentives, but they must be encouraged.

I liked the point that I understood the Premier to make yesterday, about the need to be careful that our future royalty rates system does not create undue hardships for a few in attempting to be too comprehensive. It is very difficult to design a system that is completely fair to all parties in all circumstances. As far as I see it, if any operator does get by too lightly in royalty he can be expected to pay his fair share through income tax.

I think we have to be mindful of the alternatives which exist for all companies and that includes our Canadian independent companies - in the North Sea, there are quite a few of them over there already, and just across the line in Montana and Wyoming there is still much prospective ground for exploration - while oil can be sold readily for \$6 a barrel and gas for 40 cents at the wellhead and the United States government is giving significant encouragement to industry at this point in time.

It is not going to be an easy job to arrive at the best possible balance which assures continued development activity in Alberta and yet gives a fair return on the sale, in fact a maximum return on the sale of non-renewable resources to the owners of these resources, the people of Alberta. Yet I have complete confidence that our government will develop such a fair system.

Mr. Speaker, the economics that I have discussed are the way that things were, up until this year. In August the federal government froze prices. In September they applied the 40 per cent export tax without any prior consultation, as they promised. This was actually greater than the spread which existed between the Canadian and the Chicago prices at that time. Oil prices had risen by some 95 cents a barrel over the year and there really was no gap existing at that point.

In the Prime Minister's biting attack in Vancouver last weekend, he mouthed statements - in fact, it sounded to me like he was quoting the leader of the New Democratic Party - to the effect that he had to step in to stop windfall

profits going to international corporations. Of course, in fact, these large increases in prices occurred after the Prime Minister had stepped in and blocked us off, not before. It was after he applied the freeze and the export tax that prices took the dramatic rise, something in the order of \$1.80 per barrel for imported oil into Montreal. So what the Prime Minister was just implying in Vancouver was simply not the truth.

Furthermore, in my view, Mr. Trudeau's petty, biting attack on our Premier prior to the January natural resources first ministers conference was in bad taste and not worthy of the Prime Minister of our land.

Incidentally, I watched, as I think other hon. members probably did, a recent TV interview with Mr. Whelan, the federal Minister of Agriculture. This was, I think, over the weekend, and what I understood him to say was that he would rather go down to defeat in the next non-confidence motion than submit to any more NDP blackmail. But I presume he must have voted with them, regardless.

Obviously, however, there are many members of the Liberal cabinet and caucus who must be sick and tired of the socialist compromise. I have always considered, as I think most Canadians have in the past, that the Liberal party was a free enterprise party and a reasonable alternative, depending upon the people, the time and the place, to the Conservative party.

But today in Ottawa, in my view, we actually have a socialist party in control. It appears that the Prime Minister will submit to any kind of socialist blackmail in order to stay in power; that he will do a complete flip-flop again and again. He'll tell us one thing one day and do the complete opposite the next. He is even going to form a state oil company. It appears that he will do anything at all to appease the NDP, to stay in power. In fact, I sometimes get the feeling that he surprises even the leader of the New Democratic Party in his headlong rush into socialism.

Incidentally, Mr. Speaker, I fully expect that the federal Minister of Energy, Mr. Macdonald, who surely must be an honourable man, will resign any day now.

[Laughter]

Mr. Speaker, Mexico had a booming oil industry until it was nationalized in the mid '30s. Since then they have discovered next to nothing with their national petroleum company. Their production is declining, yet they have great potential as an oil region.

Russia in one half a century has not accomplished that much for its people. One only has to talk to the Member for Strathcona, who recently returned from a visit there, to realize that they are an awfully long way behind us. Yet Russia is probably potentially the richest nation in the world. Like Canada, they are potentially self-sufficient in all resources but they have a much greater land area and a much larger population. They are certainly a most intelligent and ambitious people. One only has, I think, to look at the outstanding contributions made in Alberta, and indeed many other parts of Canada, by the Ukrainian and Russian peoples who have settled here. We could realize then what could have been accomplished in Russia if a free enterprise system had existed there during the past 50 years.

They haven't been able to successfully mass produce an automobile. As you know, they recently had to invite Fiat, a free enterprise automobile company, to come in and build their automobiles for them. Their oil and gas industry does not begin to compare with ours in terms of technology. Their drill pipe and their bits are inferior, among other things. Recently they have come over here to purchase a wide variety of oilfield completion tools for which they have not yet developed any kind of sophisticated technology.

An article in yesterday's Journal from the Times Post Service points out that although Russia has 37 billion barrels of proven, conventional oil reserves and a huge indicated potential in Siberia, with few automobiles to use it, it is still expected that Russia will be a major importer of Middle East oil by 1980 because they have not mastered the technology to efficiently exploit their own resources.

Mr. Speaker, socialist systems have not worked anywhere in the world, ever. It has not worked in Sweden despite what the state control advocates will tell you. It has definitely caused the demise of Great Britain as any kind of significant economic power. For a young pioneer country like Canada, socialism, in my view, would only bring disaster.

Mr. Speaker, Canada has a potential energy equivalent estimated at more than 1,000 billion barrels. That includes all fossil fuels, conventional oil, gas, discovered and potential, in our sedimentary basins, tar sands, heavy oil sands and coal. Yet the easy-to-find, low-cost reserves of conventional oil, in other words, the cheapest of all this energy established to date, is only about 10 billion barrels. The huge remaining potential reserves are either geographically remote, like the Arctic islands or the offshore areas, or too expensive to explore and develop, as in the case of our gas along the Alberta foothills. There is a good potential left there. Or perhaps they require the development of very expensive and sophisticated technology; in other words, they are not cheap reserves.

It's obvious that we should be using more coal. Yet in the federal government publication called An Energy Policy for Canada, they state that crude oil will have to sell from between \$5 and \$7 a barrel in order for gasification or liquefaction of coal to become economical energy. Today we have a \$3.85 wellhead average price in Alberta - frozen - natural gas selling far below any reasonable market value.

What I am saying, Mr. Speaker, is that oil and natural gas prices have to rise immediately and dramatically, if we are going to give companies the incentive to go and find the reserves we need in the not too distant future.

The Prime Minister's state oil company won't be able to do it. Even Mr. Lewis was smart enough to realize that it takes many, many years to develop the expertise and the organization to have any meaningful effect on the Canadian petroleum scene. So therefore, he was logical enough to suggest nationalizing a successful integrated oil company. Of course, even if one can accept the morality of this, the fallacy in his argument is that the best people, the most creative engineers and managers, will resent that kind of expropriation; will probably not work for such a company; and will quietly slip away and work for a free enterprise employer.

In my view, the state oil companies are doomed to failure from the start. Personally, I don't think the state has any business competing with private enterprise, as long as private enterprise is prepared to do the job. There is no question, in my mind, that the Canadian petroleum industry has always been prepared to do the job and has, indeed, done an excellent job for Alberta and for all Canadians over the years.

Mr. Speaker, these are trying times. We have an industry which is very much concerned about federal policies. Some drilling rigs are moving across the line to Montana where wellhead gas prices are in the order of 40 cents. It shows how important it is that Alberta gas prices achieve fair commodity value. The level of our winter drilling activity, I think, will be fairly high because most of the plans have been made and work is already committed. I suspect that unless the federal government gets out of our business and allows prices to seek a reasonable level, a drop in activity could occur here some time next year, perhaps during the summer.

Furthermore, I predict a significant drop in the Arctic and offshore activity. Companies just cannot justify exploration investment without expectation of reasonable price increases.

Certainly, when you think in terms of the Arctic and the offshore where the federal government has not been able to make up its own mind with regard to royalties, a further uncertainty exists. The tar sands cannot be developed unless appreciable price increases occur, the kind of price increases that were outlined in the report by Foster Economic Consultants.

Yet all Albertans and Canadians require this development so desperately. Although our total reserve life index, I think, is given now as 69 years, our conventional life index is probably only about 10 to 13 years. The conventional production may be expected to peak out somewhere between 1975 and 1978. This doesn't mean, of course, that the west will produce 2 million barrels a day for 13 years and then, zap, nothing. Wells will decline exponentially. Many wells will be around producing 50 years from now, but production after it has peaked out will decline steadily.

If we consider the worst possible situation, there would be no more Alberta conventional discoveries, no more tar sands development; no dramatic breakthrough in increasing the ultimate recovery from the 34 per cent that we heard talked about here.

If there's no significant development or production in the frontier areas, say, by the year 2000, then we would be producing very little oil in Canada at

that time - probably less than 1 million barrels a day - when the Canadian demand alone is expected to exceed 4 million barrels a day. There could be an awful lot of cold furnaces in Canada.

I think, therefore, it is imperative that there be sufficient incentives to the industry in terms of reasonable price in the free enterprise climate so that the industry will explore and develop Arctic and offshore areas and develop tar sands technology, develop the large potential that I think exists along the Alberta foothills. Given the proper price and climate, I'm completely confident that the industry can do just that. We have the technological base here in Alberta to do it, but without the correct federal attitude it may never happen and Canadian furnaces could ultimately go cold.

On the other hand, Mr. Speaker, we stand on the threshold of a wonderful opportunity with our potential 1,000 billion barrels of energy equivalent in this country, most of that situated in Alberta. We can not only be self-sufficient as a nation for the foreseeable future, but we should also be able to export large volumes of energy and use the money so derived to build a well-balanced industrial base and ensure that my constituents of Edmonton, Calgary, and Albertans, indeed all Canadians, have the best standard of living of any peoples on earth. But I suggest this won't happen unless the federal government respects Section 109 of the BNA Act which provides for the ownership of minerals by the provinces.

Mr. Speaker, to the industry I would have to say, don't give up, stay with it. The people of Alberta, and indeed of Canada, came here from many lands. They came to escape oppression, both economic and political. They didn't come here looking for a welfare state or for handouts. The people of Canada did not think they had elected a federal socialist government a year ago, yet that's in effect what has happened. There is no question in my mind but that the people of Canada will turn the liberal-socialist coalition out of power just as soon as they get the next chance at the polls, that the federal Conservative party will also get the message and that free enterprise will once more prevail in this land.

Alberta has been completely fair in its approach, as our Premier has said many times. All we want is fair value for the sale of our non-renewable resources.

Today we are actually producing oil in Alberta at rates that, as some of the members have pointed out, may be harmful to certain wells and certain reservoirs. We're doing that just to help out our eastern friends. Our concern has always been in the best national interest. The Prime Minister's previous justification for robbing us of our price increment through the export tax, saying that the people of central Canada have subsidized us in the past, is just manifestly unfair. We paid appreciably more in terms of unfair freight rate differentials and industrial discrimination in favour of the east than they have ever paid down there for higher oil prices. Our natural gas has been and is being sold down there at far below market value.

Where would Ontario be today if the oil pipeline had not been constructed? The Alberta government and the industry have long attempted to persuade the Alberta government that a pipeline to Montreal would be in the national public interest. But they have ignored this advice until recently. In fact, the federal government has had no oil policy and it doesn't have one now despite what the Prime Minister says. It has been floundering in the dark and most of the decisions it has been making, as far as I am concerned, have been bad ones.

I recognize that the Prime Minister thinks that he can get away with using Alberta as a whipping boy since he has no seats here anyway. But, can he really? I think that the people of central Canada will begin to realize the fairness of our position and that all we desire is fair commodity value for our non-renewable resources. We have been discriminated against in terms of freight rates and many other areas.

Furthermore, I think that Mr. Davis, the Premier of Ontario, and the people of Ontario may be wondering just how much export tax the Prime Minister will be placing on the \$800 million uranium sale that was recently announced by Dennison Mines to Tokyo Electric. That's energy being exported. Mr. Bourassa must surely be wondering how much export tax Mr. Trudeau plans to put on electrical energy that is going to be exported from his province.

In closing, Mr. Speaker, I would say that Bill No. 95 is a most important piece of this energy legislation package. This act provides that for the first time the Alberta government will set the prices for crude oil. Section 109 of

the BNA Act clearly provides for ownership of minerals by the province. This bill should strengthen considerably Alberta's position in meeting and protecting a constitutional responsibility to manage the development and production of all oil resources owned by the people of Alberta.

I would, therefore, hope that all members of this Assembly will support this legislation.

MR. JAMISON:

Mr. Speaker, the past couple of weeks have been a most informative two weeks for me, and I'm sure for all those in this Assembly.

We have been discussing two very major bills, Bill No. 94 and Bill No. 95, which I believe, Mr. Speaker, will make a big change in the lives of all Albertans and all Canadians.

Mr. Speaker, although my inclination is to be wary of what I might call over-interference by government in business and industry, as I am also wary of government getting over-involved in the social development of people, nevertheless, Mr. Speaker, I am in full support of Bill No. 95 to create an Alberta Petroleum Marketing Commission.

I believe, Mr. Speaker, that this proposal is a predominantly practical one, a proposal that will bring benefit both to industry and to the people of Alberta by a proper avenue of government responsibility.

I congratulate the hon. Premier and the hon. Minister of Mines and Minerals for their perception in assessing a rapidly changing situation, a perception which resulted in the foresight which provided the vehicle of this protective legislation at this very moment when the federal government took an astonishing leap into left field, a leap that could have very serious consequences for all Canadians in its effect on the development of Canada's resource industries for the balance of this century. I believe Albertans recognize the immense contribution of Premier Peter Lougheed and the Minister of Mines and Minerals throughout this time of uneasiness and difficulty since the Arab cutback action.

There has also been a very significant contribution by another much-involved minister in these anxious times. I refer to the Minister of Federal and Intergovernmental Affairs. Mr. Speaker, it was just a little over a year ago that those on the other side squealed and squawked that this department wasn't necessary. I thought it was very interesting over the past couple of weeks that the minister who has fielded nearly all the questions in this oil business has been our Minister of Federal and Intergovernmental Affairs, the Hon Don Getty. Now, Mr. Speaker, maybe just, maybe the opposition would even admit that we picked the right man for the right job.

The government has taken the right approach with this bill, I believe, perhaps the only viable approach open to us in the present situation, in that government has the role and the duty of creating and maintaining a climate in which the petroleum industry can thrive and expand, knowing where they stand with the provincial government which has the prime responsibility in policy management of energy resources in the Province of Alberta.

Having made that position clear, I would now like to make another position clear for the benefit of the hon. Member for Spirit River-Fairview: I do not consider the companies involved in the petroleum industry in this great province of ours as corporate bums. Given, first, the extent of our resources and, second, the climate of confidence in the ability of this government and the integrity of this government to work with industry within a clearly defined government policy, then the future development of the petroleum industry holds immense potential for all Albertans. The Alberta Petroleum Marketing Commission is a necessary measure in defining that policy, in my belief, Mr. Speaker.

In the debate on this subject, Mr. Speaker, it is needful to say something about the emotional issues involved. I have been on record since my speech at my nomination convention in November of 1970 as being Canadian first and Albertan second. I have not changed my mind in three years. I have had considerable experience with the manner by which people can confuse reason with emotion. You will all remember that I was Chairman of the Select Committee on Censorship, and let me tell you the emotions were mighty high. If government forsakes reason to react to emotion, it also forsakes its responsibility to the voter. If legislators make decisions which are the wrong decisions, just because they could be popular decisions, then elected members abdicate their responsibility. Canada has seen far too much of this kind of politics at the federal level.

Ever since Confederation, the federal government has been aware, yes, well aware, that they have needed only to get the support of two provinces to get elected, Ontario and Quebec. So, since 1867, federal politicians have catered to central Canada, and they are still doing it.

But Canada has eight other provinces. If the Canadians in the other eight provinces do not look after their interests through the only avenue open to them, their provincial governments, it is, after 106 years, very abundantly clear that the federal government will ignore those other eight provinces.

Now, Canada is not a two-province federation, it is a ten-province federation. When all Canadians thoroughly understand that truth, our country, our Canada, can be united, and when we are united the twentieth century can belong to Canada.

Bill No. 95 is one measure to forge one of ten links in a Canadian chain of development. Western Canadians are people too. Saskatchewan has taken a stand similar to Alberta's, despite a very different philosophy of government. The West and the Maritimes have suffered too much for too long. If Alberta now has a lever, Mr. Speaker, I would suggest we use it, or Canada may continue as a weak nation of two provinces, when it could be a great nation of ten provinces. The legislation before us is a step in the right direction.

Thank you, Mr. Speaker.

[Applause]

MR. DRAIN:

Mr. Speaker, I wish to begin by congratulating the hon. members on the excellent presentations that they have made in this very worthwhile debate. Some of them, Mr. Speaker, have indeed been of very high calibre.

However, there are some I cannot properly put in that category, and I allude, Mr. Speaker, to that unique species, the independent Member for Wetaskiwin-Leduc. He has bombarded this Legislature with bombast - the only word that I could properly refer to, Mr. Speaker - tirades which I can only attribute to the misfortune he had when his appendix was removed. What occurred to me in my interpretation of this really unique event, Mr. Speaker, was that the needle on his record player got stuck, because we have heard the same old record over and over and over.

SOME HON. MEMBERS:

Agreed.

MR. DRAIN:

He talks of partisan politics. He is not partisan, and you know, I warn, and I wish to warn, the hon. members of this Legislature of the spirit of McCarthyism that is creeping into the discussions that we have, from some of the rabid, paranoid speeches that I have heard in this Legislature about this important subject. Shocking.

Another amazing thing, Mr. Speaker, that I have discovered in this particular debate, is if it had not have been for the promptings that have come from the hon. Member for Spirit River-Fairview, there would not be any speech material available, Mr. Speaker.

I do not see, as the hon. Member for Wetaskiwin-Leduc does, a bogeyman under the Alberta bed. I do not see the encroachment on our provincial prerogatives. I do not see the attack on the virtue of fair Alberta by the bogeyman from Ottawa in the context in which some of the hon. members have placed him. The reason I say this, Mr. Speaker, is because the course of events that have occurred were predetermined by the circumstances that the Dominion of Canada was faced with at the time.

The most important cost input in the cost of living, Mr. Speaker, is energy. All of us should recognize this, and I am amazed that there has been not enough consideration given given to this very important aspect. I have here in front of me a very short clipping from this morning's Albertan mentioning this particular subject.

Energy may up food prices:

The energy crisis may create sharply higher prices and possible shortages in essential foodstuffs, G.G.E. Steele, president of the Grocery Products Manufacturers of Canada, said Wednesday.

Mr Steele said the food and beverage industry, which ranks fourth amongst manufacturers in the consumption of fuel and electricity, would inevitably have to pass on any increased costs to the consumer.

A worsening of the fuel crisis would cause real concern on the part of the plastic container industry over supplies and prices.

"Plastics are very important to the food ..."

The article goes on, Mr. Speaker.

Here in Canada, in this year, 1973, we are talking about an 8.5 per cent inflation factor. Granted, we can live with any amount of inflation providing it is evenly distributed and accepted in an adjustment. They have this type of adjustment in Brazil where they live comfortably with a 30 per cent inflation process, an escalation factor that is automatic, that takes in all of the particular areas of inflation from bank savings to old age pensions. All we do is add more paper and keep going. But I question, Mr. Speaker, whether this would be sound economics or something on which you could build a sound and constructive base of further development in the Dominion of Canada.

Then we come to the question of regionalism versus Canadianism. We all get up and bow down, or at least pay homage to this position of Canadianism, but then qualify it by saying that regionalism is first.

It is interesting to see the remarks of the hon. Member for Wetaskiwin-Leduc in referring to the Prime Minister of Canada and accusing him in his speech of remarks that, when he launched an attack on our Premier, indicated that his argument was weak. This I regret and deplore.

What does the hon. member do to really indicate how weak his own arguments were? He repeats the same fallacy and starts an attack on the Prime Minister of Canada which is something, Mr. Speaker, which is distasteful to me as a Canadian. I'm not beating a drum for any Prime Minister or any particular species of politician when I make this remark. What I am talking about is Canadianism and the honour and respect I hold for the representatives of Canada, the representative of the Queen, the First Minister of the Dominion of Canada. This is my philosophy.

As I have mentioned before, the situation calls for negotiation, compromise, and good will. I am confident of the approach our Premier will use in directing his efforts towards solving this particular problem, and, hopefully, accomplished in this endeavour by the hon. Minister of Federal and Intergovernmental Affairs.

Let us rationalize. One of the hon. members talked about a recent sale of \$17.50 for oil. Don't kid yourself if you believe that the world price is not going to be in those dimensions for a considerable length of time. If we in Alberta in our greed are going to ask the Canadian people to suffer along with a decrease in their cost of living that could conceivably run in the dimensions of 35 or 45 per cent, this, Mr. Speaker, is something that I regard as reprehensible, despicable, and out of the question. No confederation can survive on this particular basis.

I want to mention, in passing, windfall profits. The hon. Member for Drumheller dwelt on this subject and the hon. Member for Spirit River-Fairview also mentioned this in his remarks. I wonder, no one gave me the formula of where profits stop becoming profits and become windfalls.

I was thinking of Twelve Foot Davis, whose statue adorns the Peace River area, and the story that is connected with it. Twelve Foot Davis went to the Yukon. He was a late-arriver, but he was a very astute personality and found that there was no land available. He measured and he found that because the location posts between two opposing claims had not been laid out properly there were twelve feet of land available. He dug down and dug up what anyone could properly say was windfall profits - \$1 million. So we have Twelve Foot Davis, but no one talks about the 89,999 other guys who went up there and just fell in the ground. All the falling they did was in the holes.

So it's regrettable that these two hon. members, when they talked of windfall profits, did not elaborate - just make it clear.

I know of a mine not too far from the Province of Alberta, not a coal mine because all we do is run a friendly, charitable social club association. We don't go around making money or any profits, period. But this particular mine, because of the tax position, because of the depletion allowances, was able to pay off the bonds and enter into a profit situation within five years. I don't really see too much wrong with that. This, in fact, is what makes people go into the North, put their packsacks on their backs, and live on rusty bacon and beans, Mr. Speaker. They are out there to make a buck and that is what makes things go.

However, there is one particular subject, or one particular speech that I also wish to refer to, Mr. Speaker. I refer, Mr. Speaker, to the speech of the hon. Member for Calgary Buffalo. And I read this phrase:

Within Bill No. 95, Mr. Speaker, The Petroleum Marketing Act, you will find either the seeds of the growth of the continued evolutionary pattern of Confederation, or you may find the dynamite that could explode and irrevocably change the pattern of Confederation forever in this country.

Beautiful. Demagoguery at its best.

Here is another one:

... one must conclude that the danger signals are everywhere and that our very Confederation is being threatened.

What we as legislators and as Canadians must bring to eastern Canada is the understanding that what is happening at the present time in Canada is not merely an airing of western grievances as we heard at the Western Economic Opportunities Conference.

The speech goes on, Mr. Speaker, to talk about, as near as I can grasp, something that was not, in any manner, within the thoughts or minds of the Fathers of Confederation, not in the thoughts of John A. Macdonald, not in the thoughts of D'arcy McGee, not in the thoughts of Georges Etienne Cartier, only in the thoughts of the hon. Member for Calgary Buffalo. That we are to expand into not one nation but into a group of strong economic entities, thereby fulfilling in total the destinies of Alberta and the other provinces of Canada, relegating the position of the federal government, presumably, to that, Mr. Speaker, of the post office, and possibly there might be a little infringement on the provincial prerogatives in the matter of who should issue the stamps. I suggest to you, Mr. Speaker, that this is a dangerous direction.

There is a little more to it than that. Mention was also made by the hon. member about government encroachment in the matter of Ontario nickel, gold, lumber, or other products. It's very well within the grounds of conceivability that this situation will occur.

I'm going to be brave and attempt to pronounce this word that comes from this particular book that the hon. Minister of the Environment kindly sent to all the hon. members. I hope that they have read it. That is, growth is "expotential" - am I correct in that pronunciation, Bill? Or the vortex of continual growth that is all-encompassing.

The end result, Mr. Speaker, is going to be an era of future shortages. No longer will this be solved by money. We are approaching a time in our economic development where money will be available but, in fact, you will not buy. How close is this? Closer than you think.

AN HON. MEMBER:

Matthew 24.

MR. DRAIN:

The regulations laid down by President Nixon indicate that he is reducing the amount of gasoline available to the private automobile by 15 per cent. In other words, if you choose to tour the United States, you are not, in spite of the fact you have money in your pocket, able to buy in the manner you would like.

Apparently the law of the market as we once knew it has several kinks in it. I have emphasized that it would be intolerable to think that it would be realistic to accept the world price for our oil products or to make that the basis of a Canadian price.

I would see a considerable pressure in Canada building up for a two-price system. However, I am not prepared to accept the position that in fact the federal government should be reaching out there and picking up the difference between the price that the Americans pay and the pegged price in Canada. This rightfully belongs, Mr. Speaker, to the people of the Province of Alberta. I would urge that a strong position be taken on this particular subject and, further, that negotiation be carried out in order to properly achieve this directive.

I could keep going, Mr. Speaker, but I think I've said enough on the subject.

MR. BENOIT:

Mr. Speaker, I'd like to make a couple of points before we conclude our discussions here tonight. One of the things I want to say before I begin speaking on the principle of Bill No. 95 is the fact that sometimes in the Legislature the people who make some of the best points get some of the biggest laughs out of the legislators, and I wonder sometimes why we laugh; whether we don't agree, whether it strikes us as funny, or what it is.

I'm making reference now particularly to the remarks made by the hon. Member for Edmonton Strathcona with regard to the alternate types of energy which he referred to. I believe that this is far more true than most of us are prepared to consider at this time. I believe that the alternate types of energy available are well outlined in what the hon. member said. I believe that one of the bargaining points we have with our oil today is not just a matter of making more money, but it should also be a matter of attempting to make us more friends. For if we ever stood in a position where we could make friends as well as money with our oil, it is today. And if we have a choice between the two, Mr. Speaker, I'm convinced that we ought to be making friends rather than money. If we can make both, so much the better.

On this particular bill and the preceding Bill No. 94, Mr. Speaker, many words have been spoken but only history will determine whether much or little has been said. Considerable has been repeated and one thing seems to be very clear, that all agree on what Albertans should get, and that is their fair share, or more, out of the petroleum products. I don't think that anybody on either side of the House disagrees with that viewpoint. In this I think we are about 100 per cent behind the government's intention.

Few, if any, feel the need to defend the federal government, or even the industry as far as that goes, because they have been given a fair chance. Both are quite capable of looking after themselves, as they have demonstrated in the past. It is just a case of getting our parties balanced so that we decide which way we are going to go. And the burning question is, what method is going to be used to get Albertans their fair share of the returns from the petroleum products?

I was very glad to hear hon. members on both sides of the House, particularly on the other side, express regrets about having to use government intervention in the private sector to accomplish the desirable in this regard. Unfortunately, expressions of regret do not change the course we are going to take unless we change the course as well as express our regrets.

The question now remains before us, does the end justify the means? I know this is a very difficult situation and I personally have every consideration for the struggle that the government is facing in this matter. It is a struggle on both sides of the House, with individuals and parties alike, as to what shall be done in the case of Bill No. 95. Is the free private enterprise in the marketplace so weak that it has to be cast aside in favour of socialism and socialistic methods and principles? If it is then maybe its day has run its course.

Mr. Speaker, I am very much aware of the struggle that is going on in the souls of many individuals in this Legislature - the struggle between principle, politics and money - and it's a strange thing that sometimes they can be intermingled and can be justified in the course of events that we present.

For instance, getting the most money out of our petroleum products for the people we represent is one of the principles that we are here for. If we can demonstrate that we can get the most money out of the petroleum products for the people of Alberta, that will also be politically expedient for us when the next election comes around because we will have done what we were sent here to do. Now the burning question in that regard is, how will we do it? Is it worth

forsaking some great noble principles upon which this country has been built in order to accomplish the end that we were sent here for, in a way that most people may not agree with?

My own struggle as I sit here is very great. For 25 years, I have told people in the privacy of their homes, in travelling in the automobile, in the pulpit and on public platforms, that I am convinced the day is coming when all of the world will be under socialism. I do not know how we can avoid it.

The question is not whether it will be or not but when will it be? Many governments claiming to be free enterprise and sitting on the right side of the fence, so to speak, have been leaning more and more towards socialism, all over the world. Our own governments in Alberta, the preceding government as well as this one, are bent in that same direction. And it bothers me no end. Will it be socialism or will it be free democracy?

Today, a newsman told me that he thought what this country needed was a paternalistic dictator. I suppose that if we could find such a person without establishing that office, it might be the thing we need to shake us up and bring us back to our senses.

Mr. Speaker, it is no easy struggle and I have the greatest of sympathy with those who are responsible for making the decisions in this matter of the energy crisis. But I cannot see that calling others who do the same thing as we do, by all kinds of names, changes the course that we are taking.

Some members have expressed that there is a danger that the federal export tax might be applied to other resources and other industries. Mr. Speaker, I believe that the same danger is inherent in Bill No. 95. If we apply it to this resource and this industry, what is to prevent us from applying the same tactics to other resources and other industries?

Now I know that this is not the first time that we have had a marketing commission, not the first time there have been marketing boards. Because we have already got them. The farmers of our western Canada are voting on another one. I don't believe, I'm not convinced, that it makes it right because we have others. I don't believe that continuing down this road is justified as a means to an end.

Nevertheless, the fact remains, that if this is the way the people want to go then that's the way probably that the governments will go. Do Albertans want their governments to go the way of socialism now, or later, or not at all?

I don't think that it is fair to tell the people that there is no other way to do this, and then do it in the name of free enterprise. If it's going to be government-controlled, if it is going to be done by government intervention, the people ought to be made very well aware of the fact, and as long as there are honourable men in government there may not be any particular danger. But what of the future? What of the direction in which we are going?

It is significant to note that the same day that Bill No. 95 was introduced in this Legislature, a similar bill was introduced in the federal Parliament, and another similar bill was recently introduced in the province to the east of us.

How can we call any other government socialistic or call them names for the things they are doing when we are doing exactly the same thing? Someone will probably say that there is no other way and therefore we have to go this way. If this is the case, then we have to accept.

But the question is, how far are we prepared to go? I recall about two and a half years ago, in one prairie province conference in Lethbridge, where we discussed quite extensively the possibilities of having one province from the three prairie provinces, the hon. Premier, myself and others, brought some closing remarks at that particular conference. I don't recall what everyone said. But it was pretty evident that Albertans weren't too keen on going into it, because it meant that they would be involved in two provinces which had less than we had, and we didn't think that the taxpayers of Alberta would want to carry that additional financial load, if we joined in with them. There were others who said that we ought to go broader and make it one western province, with the four western provinces in one.

Now I have to ask myself the question, at this particular point, Mr. Speaker, whether we, as we go on this collision course with the federal government, are prepared to go all the way if we don't get what we want? Are we nationalists? Are we patriots? Or are we separatists?

How far will we go before we give in or pull out? This is the question. The first one is, which way will we go? The socialist way or the free enterprise way? The second question is, how far will we go in order to get our way? Whether we go the socialist route or the free enterprise route we are bound to come into collision with the federal government and with other provincial governments along the way. And we have to be prepared for that.

So it would appear, Mr. Speaker, if we implement Bill No. 95, that because, as we say, there is no other way, we are no longer travelling by principle but by expediency. This is regrettable, but if there is no other way then it is the way we must go.

For myself, Mr. Speaker, I do not relish it one bit and I would that we stay with our former principles, regardless of the cost. But I am not in a position to insist on it because, as someone so ably pointed out, it wasn't too long ago that the previous administration, feeling that the loss of \$30 or \$35 million a year would not be palatable to the Alberta taxpayers, went the socialistic route of the Medicare scheme that we said was forced upon us by the federal government, using the \$30 or \$35 million leverage in order to do it.

So if the government of this day feels that this is the only way it can be done, then I say let us go ahead and do it in order to get for Albertans the most we can out of their resources. But let us not fool them into thinking that it is the free enterprise way. It is a government intervention, with open-ended legislation and very much regulation, unknown to anybody, not even the government, at this point in time. It is one of those circumstances that we have to put with. Let us hope and pray that it will be satisfactory in the end and that we will not lose all of our principles in taking this route.

Remember, it's not so much the direction that we go in but how far we may have to go in order to accomplish it in the end.

MR. WILSON:

Mr. Speaker, Bill No. 95, The Petroleum Marketing Act, is repulsive legislation, particularly at this time and by this government. There is no evidence that any attempt has been made to resolve the problems by statesmanship or leadership or by sound business principles which traditionally have served Alberta well. Mr. Speaker, we need only look at the records of the former administration in Alberta and the economy of Alberta, the jobs and opportunities that have been presented on the principle of sound business.

Mr. Speaker, the relationship between the former administration and the various federal governments which they came upon was always one that was heathy, both for Alberta and the federal government. Those problems which did occur were resolved by negotiation and not by confrontation.

Mr. Speaker, traditionally marketing boards have been established at the request of producers, but there is no evidence that anybody wants this bill, The Petroleum Marketing Act or the Petroleum Marketing Commission, except the government.

What's worse, Mr. Speaker, it will not be managed by the producer, the consumer or the marketer. But it can be run by a one-man commission, according to the way the bill has been prepared, and he would be an agent of the Crown. There is no provision for an advisory board or any other outside influence.

There has been no suggestion of the cost of this proposed bureaucracy. There is no suggestion of the method of control of costs. In fact, we see that there is wide open borrowing power, subject only to the veto of one man. We see the authority to pledge security, subject only to the veto of one man. The figures involved in this commission could be astronomical, Mr. Speaker.

Contrary to the assurances of the minister, this bill includes sufficient authority to set up a state oil company. The way the word "acquire" is used, Mr. Speaker, it authorizes seizure. Otherwise "acquire", "operate" and "dispose of" sound like terms that normally would be associated with emergency war measures.

Mr. Speaker, I guess there is a lighter side because I see that the commission can make their own bills of exchange. Perhaps the Progressive Conservative government has adopted its own version of Social Credit monetary reform.

Mr. Speaker, the commission's powers are most arbitrary. I see they can direct others to do things, such as store petroleum, without due regard to the

owner's existing contractual obligations. This is backed up by threatening fines of \$5,000 per day to an individual who may very well not be able to accommodate the commission because it may jeopardize his own contractual obligations or his own interests. What if he doesn't pay? There is no provision in the bill. Does he go to jail?

I see further abuses; they can convict without trial and force submission. Mr. Speaker, I am concerned about the balkanization effect on Canada of this kind of legislation. What about retaliation by other provinces with their problems?

Marketing boards exist throughout Europe and Communist countries. It is strange that they are now trying to get rid of the marketing board system. The compulsory versus voluntary aspects of marketing boards is well worthy of consideration. For if the marketing board is to work successfully, no compulsion should be needed.

Mr. Speaker, we see that industry pays its accounts in 30 days or less but already we see that the bureaucratic way is 60 days. This puts another hardship on industry. Production loans based on cash flow are arranged but provision has been made ... We don't see any allowances for interest. We don't see any allowances for a phasing-in period. Mr. Speaker, we are concerned about the different treatment of the world price in the different sections of this bill. We are concerned that petroleum has not been defined.

Under the topic of storage, whose crude takes precedence when there may not be sufficient available space? Where does the government plan to get the people to administer this bureaucracy? It requires highly specialized and skillful people, in most aspects.

What about the existing marketing contracts? Will producers be forced to break contracts? What about the repercussions? What is the purpose of the fees that the commission can charge for their services? What services will they be rendering, that the producer will feel he is receiving, that should warrant a fee? Or is this another form of tax?

Mr. Speaker, the government has arranged this entire session devoted to negatives from the standpoint of investor confidence. I fear, Mr. Speaker, that the industry will mark time until the whole package is known, until they know where they stand. Unfortunately, it is at this time that they are setting next year's budget for exploration and I am concerned about the jobs and job opportunities which may be disappearing.

Mr. Speaker, further, I feel this government has been elected under false pretenses. I recall reading Progressive Conservative party literature stating that a provincial government should not just preach free enterprise but should also promote this system by creating an atmosphere consistently favourable to it. This bill simply does not meet the test of the Progressive Conservative party guideposts. Why hasn't the government tried the free enterprise solution? There is no evidence that they have.

Yes, there are better ways. I wholeheartedly endorse the constructive, positive suggestions of my honourable colleague from Cardston. Let's forget about Bill No. 95 and all its negatives. Let's do it the free enterprise way and be proud of it.

A production and marketing council can get the job done. It can utilize the skills, talents and expertise that currently exist in the private sector. It can assure competence of operation. A production and marketing council would assure investor confidence. It would honour contracts. It would assure continued prosperity for Albertans. It would assure jobs for Albertans and other Canadians. It would assure continued exploration and ongoing business in Alberta. The private sector will cooperate given a chance. The private sector will assist in the best interests of Albertans and Canadians.

Bill No. 95 and its slant to confrontation does not make a nation of ten provinces. Negotiation will. This is no time to be paranoid. This is a time for leadership and statesmanship.

Mr. Speaker, should the government decide to go ahead with Bill. 95 and enact it, the chairman of the commission has so much power that perhaps - there is only one person who should have that much power and he is not on earth. But I suppose if you have to pick a man from earth to give this much power to, I recommend to the government the hon. member for Wetaskiwin-Leduc.

MR. SORENSON:

Mr. Speaker, I wish to make a few observations on Bill No. 95 and perhaps indicate what side of the fence I am on and how I'll be voting on it.

Mr. Speaker, I have appreciated your latitude in the debate. I don't ask for any more or beg for any less. I want to commend the previous speakers. I have enjoyed the debate on second reading and I detect a great deal of research has gone into these speeches.

I think we have come to a time of energy brinkmanship in our province. Energy is at the brink. We hear of companies pulling out, threatening to pull out, withholding money - it's just a question mark whether the tar sands will really be able to go ahead as we would like to see them go ahead. We all realize the gravity of the situation. One of the things I will remember about this fall session has been the representatives of the oil companies wishing to speak to us and show their concern.

I think we have also come to a time of political brinkmanship in Canada. And that has come through energy. On the federal scene, we see one man at the controls and he seems to be pushing the buttons. It's a little bit frightening. I think perhaps we are faced with a federal election; some say we are faced with a provincial election. It's just a toss-up which is coming first. I would suggest to the Premier that two plus two equals four and we have another two years to go. I am not afraid of losing my seat or winning it. I don't think that is of any worry. The province will go on the same.

It seems that everyone is getting into the energy issue. For instance, a man mentioned to me that we have hospitals, roads, bridges, schools and universities, but we can thank the oil for that. Oil has been important in Alberta's development. It tells me that there have been shrewd negotiations in times past. There has been hard bargaining at the table, even in the initial stages of oil development.

Recently the federal Minister of Energy has been meeting with our Minister of Federal and Intergovernmental Affairs and our Minister of Mines and Minerals. While these meetings have been going on, I have been out in the wide open spaces of Sedgewick-Coronation, where we have one TV station and one daily newspaper. I have been watching quite carefully these men as they have been flashed on the screen and I have often wondered just what is passing between them. Well, I think perhaps it's only been words; I haven't noticed any bruised, swollen black eyes or anything, but I think there has been a lot of twiddling and a lot of yelling in each others faces.

I was interested in a constituency letter from the Member for Stettler to his constituency and it also comes over into my constituency. In that rather lengthy letter he didn't make much mention of the Alberta federal MPs, but a good portion of his letter was devoted to Senator Manning and his stand on the subject, that he was speaking out for Alberta and looked at it in much the same way as the Government of Alberta. I am glad that he is speaking out. There was a real negotiator, in his time. I would like to caution the Premier that, being an old football player and on a team, perhaps he shouldn't just sit tight on his present negotiators. If he wants someone who, I am sure, will get things for our province - you have a 'getter' on your team, perhaps he would be a good one.

I was quite interested in what Mr. Midgley, who is perhaps a very reliable source in The Edmonton Journal, suggested; some cabinet members are longing for private business. Well, I won't comment any more on that.

This past summer we had the privilege of visiting the east - number of MLAs from Alberta and all across Canada. The oil situation, even at that time, was in evidence.

On one of the first days, we gathered around a table. There were eight of us. It was a happy occasion. It was the noon meal. We introduced ourselves. There was one from Quebec, six from the Maritimes and one from Alberta.

One elderly MLA from New Brunswick said that last year he had taken a trip and had visited a little bit of heaven. The people looked at him. Yes, he said, last year I visited a little bit of heaven. I took a trip to Alberta.

The others joined in and some said that Alberta was the most prosperous province in Canada, that they should be sharing more with the provinces. They were rich in oil, wheat and timber, and teeming with game, tourism and so on. It was said in more or less a joking manner. Then finally one MLA, his name was

Mr. Magaw and he wished to be remembered to one of the cabinet ministers, said, you are all millionaires in Alberta. This I had to object to. I said, no, there is at least one who isn't.

Mr. Speaker, there is a song on the hit parade that says, I haven't been to heaven but I've been to Oklahoma. The song that they were all singing was, we haven't been to heaven, but we have been to Alberta. I am not suggesting that they are just all jealous, as Joseph and his brothers, but I think there is a pit that has been dug and they are throwing us into a pit that's going to be pretty hard to get out of. I think as Social Creditors we have to accept some of the blame for this, because we have seen this province in the '40s and '50s and '60s go from rags to riches. Now the others, of course, are quite anxious to bring us into line.

Mr. Speaker, while I agree with the principle of this bill, I do however have some reservations. I would like to take this opportunity to share them with you and through you with the members of the Assembly.

I am worried that this bill, which was conceived in haste, gives far too many sweeping powers to the Alberta Petroleum Marketing Commission. Bill No. 95 is far too obtuse as to how these members will be chosen. I feel that members of the opposition should be represented on any body formed to choose the members of the commission.

I am disturbed that the bill is framed in such a manner that one member can act with the full authority of the commission in the event that the other two members are absent. I am sure that Alberta does not need an oil czar, nor do we want this marketing commission to develop into a bureaucracy, as it has a full potential for doing under Section 6, (1) and (2) of the bill.

I hope, Mr. Speaker, the bill will undergo some changes before a third reading. In principle it is reasonably sound but I think that recent events have caused an over-reaction on the part of the hon. members on the government side of the House. I do not want to see the powers of private enterprise curtailed or another bureaucracy established to join the many others that have been born since this government has taken office. Therefore, Mr. Speaker, while I lend my support to the bill in principle, I hope some changes are made in committee before royal assent is given.

I would have hoped that the Premier would have met with the Prime Minister in the near future to discuss some of these things even before the energy meetings in late January. I would like to see the Minister of Mines and Minerals perhaps go on television prime time, and tell Albertans and ask them to conserve energy. I asked him a question one day concerning this and a method that was being used in Ontario, but he brushed the question aside. But I think there could be something done in this area.

I certainly favour Syncrude going ahead but I hope that strict conservation principles are adhered to. Let's not end up with a number of lakes of oily sludge. There needs to be reforestation.

I think through Bills No. 94 and No. 95 we have just spoon-fed information. I hope that the minister as he sums up the bill will give us a little more information.

I am looking forward to getting on to brighter subjects. There has been much carping and complaining between the province and the federal government, and it will be good to get on to another, brighter side. But, I wonder, what's that? Food prices. Inflation. I think we are just facing one crisis after another in Alberta. It's like a canoe pointing to the rapids.

Thank you.

MR. TAYLOR:

Mr. Speaker, I won't detain the House very long, but there are one or two things I'd like to say in connection with the principle of Bill No. 95.

I have no qualms of conscience in supporting Bill No. 95. I have no argument with those who have qualms in supporting it, but I don't have any difficulty in supporting the principles in Bill No. 95 as a free enterpriser.

It seems as if some people think that there's a line drawn and everything on one side is socialism and everything on the other side is free enterprise. I gave up that idea years ago. I don't think there's any such demarcation. There are times when there's overlapping on one or the other.

I think the criterion I like to see followed is, what will give the best results to the people. If the socialists have an excellent idea, what's wrong with adopting that idea. They're Canadians too. They have the interests of Canada at heart. I don't think any of us should question the motives of other Canadians. There are excellent things in free enterprise, and even the most rabid socialists, I would think, would be willing to adopt those because free enterprisers are Canadians also. If we are going to drive people to socialism - those of us who are free enterprisers - the fastest way to do it is to let the abuses that are in free enterprise remain there instead of trying to clean them up, instead of trying to do away with the abuses.

I didn't think it was particularly contrary to free enterprise when the former government in British Columbia took over the ferries. The CPR was giving a ridiculous service to the people. It was no service, and they claimed they were losing money. They were discouraging traffic. It was an ordeal to go across on the ferry on many days, so the government took it over. I think they had a responsibility to take it over, and inside of two years it became a paying proposition. It was a pleasure indeed to ride on the ferries, as it is now. I thoroughly enjoy the meals on the ferries.

I can't say that wasn't free enterprise. That was democratic government. If free enterprise cannot do a job, government has a responsibility to step in and do it, and by stepping in and doing it doesn't say it is not free enterprise.

I'm not going to dwell on this particular thing, but if we could spend our efforts in removing some of the monopolies and the abuses, the dog eat dog facets of free enterprise, then we wouldn't have to worry about people turning toward socialism or other "isms". And in a democratic country if we're rigidly going to follow one line of thought, it may well be that people will say our only hope to get reform is through socialism.

I don't think that is true at all, with all respect to the hon. Member for Spirit River-Fairview. He has some excellent ideas and is reform-minded. I think reforms can be carried out under the free enterprise system and I think neither the free enterprisers nor the socialists have any monopoly on things like that.

So I have no qualms. I believe I'm a free enterpriser. I respect those who believe in other systems, but I have no qualms in supporting this bill as a free enterpriser. I want to tell you why and I will also tell the people who sent me here why, because it's to them I'm responsible and it's to them that I will answer. If they find that my reasoning is fallacious or wrong then, of course, they have the opportunity in a democratic system to correct that at the very first opportunity.

One or two of the things I liked about the bill, I thought it was doing the work of a broker. As a matter of fact, in one section of the bill, it actually mentions that the commission may act as an agent or broker. I looked up the word broker because I wasn't exactly sure what was entailed in it, and I found in the Canadian English dictionary this definition for "jobber". I was thinking that it was doing the job of a jobber, as I understood a jobber. When I checked the definition, however, I was very happy that, when I sent a note to the hon. minister to find out whether he thought the word jobber was right or if he had some other word to suggest, he said, no, the word jobber was wrong. When I read the following definition I think the hon. minister has shown very good sense in that connection because a "jobber" is "a person who buys goods for manufacturers in large quantities and sells to retailers in smaller quantities." That's the first definition and that's the one I had in mind. But the second definition is, "a person who manages public business dishonestly for private gain." I think the hon. minister has very well decided that the word broker will be used and not jobber in this connection.

But the marketing commission as I understand it is going to carry out a function very much in a free enterprise way. Again I say I have no qualms in supporting it. Everyone will have to sell their petroleum to the petroleum commission, but that doesn't say it's not free enterprise. Every farmer has had to sell his wheat for many years to the Wheat Board. No one has been more free enterprisers than our farmers. It was they who decided many years ago that that was the best way to handle the wheat. And the people of Canada have generally gone along with that. There may be difficulties from time to time as there is with any system, but, by and large, that has been a good thing for Canada throughout the years.

When the oil is bought from the industry, I note that the bill provides that the best price that is secured for that petroleum will be paid to the producer,

to the industry. That's where the distinction is with the Saskatchewan legislation. That isn't so with the bill that's before the House in Saskatchewan. There, the commission may sell it for any price and pay the producers what the commission decides, to cover their costs, their investments, their margin of profit, et cetera. But in this bill every cent that is secured from the petroleum that is sold that belongs to the industry goes back to the industry. Nobody is taking any of their money. The brokerage is being carried out by the commission. I can't see why that isn't a reasonable way of doing the business of handling petroleum, particularly in the circumstances under which we now live. There are certainly no qualms on my part regarding that item.

If you think of the petroleum coming into the storage tanks and part of it belonging to the industry, for which they are going to get every cent, the same price that it is sold for - and surely nobody thinks the commission is going to sell it for anything but the best possible price - that is what the whole thing is all about.

Then there is part of that petroleum that belongs to the people. There again the commission will be in a position to sell at the highest possible price so that the people of the province will secure their fair share, or a proper return, on the thing they own. So the owner, the producer, are each getting paid, the producer getting the price that he would have got, maybe more because it is being done in a wholesale type of way. He may get more than what he was getting before, and the people of the province may well get more.

Now there is another provision in the act that I think is very important. That is, the commission has authority to sell at various prices. Here again, whoever framed the act, I think, has shown a good deal of wisdom. It may well be that we want to help another part of Canada where things are difficult, where there is a catastrophe, where there is an emergency, where there is a terrible winter, and we may well say we want to act as brothers to our fellow Canadians in whatever part of Canada that happens to be. The authority is in this to sell that at various prices. They wouldn't have to charge them the highest possible price. They could sell the industry's oil or the part that belongs to the people of Alberta. If it was an act on the part of the province, it probably would be better to sell the share that belonged to the people of Alberta at a much more reasonable price.

It provides for sales in Canada where we can provide a price that we think is fair, that is going to give the people of Alberta a return for their money and a reasonable margin and be fair to the rest of Canada. That price may well be below the world market. I think that is one of the strong points of this legislation. Generally, we always think of these things as going higher, higher, getting all the market would bear. I like to think that we could use the authority contained in this bill to give a better deal to to fellow Canadians, in whatever part of Canada they are living, by selling well under the world market but still getting a fair return for the people of Alberta.

Then, of course, when it comes to sell it outside the province, here again there is a strong point in the commission's doing that, if we wanted to extend brotherly felicitations to some other part of the world. There may be times when that is so, but in normal business we would expect the people in that country to pay Canadians and pay Albertans what they would have to pay, or very close to that, on the world market. There may well be a tremendous differential in that price. So the provision in the act for various prices, the price at which it can be sold, I think, is a very excellent one.

Then, of course, there is authority in the act regarding to whom it may be sold. It may be sold and the policy is to sell it: first look after Alberta's needs. I don't think that is wrong. Charity begins at home. Then, secondly, look after Canada's needs. I don't think that is wrong. We are part and parcel of Canada.

Then, of course, there is the authority to sell anywhere in the world, and probably to the U.S. market.

In each case we have the two containers - if you want to put it that way in the large sense - of the petroleum, some of which belongs to the industry, and some of which belongs to the people.

The act and the acts of the commission are not free from any action. There is provision in the bill for court action just as if it were not a Crown corporation. Now that is going pretty far. In most government legislation today there is a reluctance to have Crown corporations taken to court on an action. This is being debated in the B.C. Legislature. I think, at least from a newspaper report, that there is now provision for any Crown corporation to

take action in the courts. Here, if something is wrong they, whether a citizen, a producer, the industry or whoever, have the right; if this commission acts wrongly and not in accordance with the authority given to it by this Legislature they may be taken to court. The court has authority to deal with it. It is not barred from court action. Consequently that is another reason I think this is strong legislation.

There is one other thing I like about the bill too. I don't know how it was that for years, when we were in government, we didn't have an annual report, say, from the Department of the Attorney General. It never dawned on me until I wanted to find some information last winter and tried to find the report, figured I had lost it and phoned the department. They said, oh, no, you didn't lose it, we are not required to table one in the Legislature. What the reasoning was there in years gone by, I don't know. But I do think that these things should be tabled in the Legislature.

I really can't conceive of any reason why any department of government shouldn't table an annual report in the Legislature. Provision is made for the Petroleum Marketing Commission to table a report in this Legislature which may be debated in this Legislature where we will know what they made, how they handled their affairs, where it can be analyzed and criticized if necessary, constructively or destructively as a member wishes to do it. I hope it would be constructively. But the report is going to be there, it is not being hidden. There is nothing being shoved under the table. There is court action provided for and there is an annual report provided for.

Mr. Speaker, if I knew of a better way of doing it, I would like to suggest it, but I don't. This seems like a logical way to me to handle the petroleum of this province, by having a commission to look after it, by paying the price that is secured by that commission to the producers, and by taking the people's share in petroleum and then getting the best price for that for the people.

It seems to me like this is free enterprise. It is providing a margin of profit. It is almost guaranteeing a good price to the producer, a bigger guarantee than they have today. It is a guarantee to the people of the province that they are going to get the best possible return from a resource that they own.

I have no qualms at all in supporting this bill.

MR. BUCKWELL:

Mr. Speaker, I would like to say a few words on Bill No. 95. It is probably maybe the only time that any of us members will be able to speak on a bill that may bring in a billion dollars to the treasury.

This bill is asking for extraordinary powers, but in asking for these extraordinary powers it is asking for them under extraordinary conditions.

The hon. Member for Drumheller just finished talking about the marketing board. As far as I am concerned there would be no need for a marketing board if it were not for the present conditions. We have been wasting our time, Mr. Speaker, in this House for the last week if we are really saying that we need a marketing board to take the place of private industry. Maybe what we've overlooked - most of us have overlooked - is that we have become too parochial. That what we are really asking is, why do we need Bill No. 95? The reason that we need Bill No. 95 is for armament, if you could call it that, to confront the federal government which is going to control our resources. We didn't need a marketing board just to collect extra money from the royalties.

This situation, Mr. Speaker, is unique in that 12 months ago it wasn't even conceived. The hon. Member for Calgary Buffalo was talking about political parties, particularly federal parties, and in this respect Alberta has been unique, except for the Diefenbaker years, Alberta has never had a majority of federal members who were on the side of the government. We have always been ... we've been a maverick, really, in political history. I believe that, because we have been a maverick, this is what has made us strong. I would like to think that it goes back to the sturdy pioneer stock which most of us come from, because no matter where we came from, whether it was from Canada, the British Isles or Europe, we've come here because we want freedom and we want justice.

Now the Premier's stand, and I've got to admire his stand, but it's not a conservative stand. It so happens that Premier Lougheed, at this particular time, at this particular place, and in this particular situation, is the Premier of the great Province of Alberta and heads this government. At this particular time, at this particular place, at this particular opportunity, this challenge

has come. I would like to think that had the Premier not been elected, had we been on the other side, I'm sure we would have reacted in exactly the same manner.

I'd be very disappointed, in supporting this bill, if I thought the Premier of this province was going to gouge the rest of Canada because of the high price conditions. I don't believe this is the stand. I believe the stand is one where we ask for a fair price, not only from Canadians, but from Americans as well.

Mr. Speaker, I believe that if we are not ready to stand up for our rights on this, then we will lie down and be tramped down for another century.

Mr. Speaker, in the second reading and committee we agreed, as a House, to support Bill No. 94. This was higher royalties for our oil. I think, in fairness then, we've got to look at, well, with what are we going to arm ourselves.

During this fall session we passed The Disaster Services Act. Now The Disaster Services Act calls for extraordinary powers under extraordinary conditions. We hope, the minister in charge hopes, the government hopes, and the people of this province hope that this Act never has to be used. But it is there if we have to use it.

Now, I'm sure, that in the passing of Bill No. 95, and Bill No. 95 - there is no getting away from it - was designed for bargaining power with the federal government. We hope it never has to be used either. We are going to try by negotiation. Maybe we are past negotiation. We don't even want to go to the courts. We don't even want to have to use the BNA Act because this thing, if we continue on this way, could go on for years.

But, Mr. Speaker, what is the point, to be consistent, if you are going to say to the hon. Premier, now you are going on our behalf on this side and in the name of the people of Alberta, that we agree to support you to get a higher royalty for our products. Then turn around and say, well here's a pop-gun when he needs a tank. I don't want to give him a tank when he needs a jeep either.

But I suggest that if he is asking for these powers and we are asking for the power to negotiate with the federal government on equal footings, or as near to equal footings as we can get, then we've got to give him the armaments to go with it. I hope he doesn't use this armament in a foolish way. I hope we can negotiate, but I think we are really past the time of negotiation, not really because of the oil question. But if we, as the provinces, are going to take our rightful place in Canada, and as others have said, if we are not going to stand up and say, well this is the BNA Act, if we can't live by it then we'd better change it. But if we are going to live by it, by George we'll live by it but you're going to live by it also. I don't think this is in the disinterest of the people of Canada.

The Good Book says, "A strong man armed keepeth his house". If we are not going to give the government the armaments to fight this battle on our behalf then I'd be very disappointed.

MR. LOUGHEED:

Mr. Speaker, in speaking to second reading, and the principle of Bill No. 95, I wanted to make a few remarks on behalf of the government as to our thinking, our views, our attitude towards the bill, the way we see it, its significance and its purposes. I will try to be as brief as I can be.

There is no doubt that every member in this Legislature is fully aware, and fully acquainted with the fact that we are, in passing second reading of Bill No. 95, dealing with one of the most significant pieces of economic legislation that we have seen before this Legislature for a long time. That recognition was [made] clear to me by all who spoke on both sides of the House, regardless of their views towards the bill. I think that of itself is important.

I think it is equally important that so many members from the various constituencies participated in the debate because the impact of this bill has a tremendous bearing upon many of the constituencies here - and I think about constituencies such as Lloydminster and Drayton Valley for two, and Calgary Bow for [a] third. The significance upon the people of Alberta and their representatives here is very great.

As I was thinking about my remarks, I heard a phrase that caught me and that was: if I knew a better way to propose, perhaps we would be proposing it. I

believe it was the Member for Drumheller who made that observation. Certainly it is true that we have thought long and hard of other ways to attempt to accomplish the same position, to be in this position. But frankly we know of no better way.

The purpose of this bill is pretty obvious to everybody in this Assembly. It is a clear effort on behalf of the government and the people of Alberta to back up our position of ownership under Section 109 of the British North America Act and to strengthen our hand in controlling the resources which belong to the people of the province - the purpose of the act.

In my judgment, in watching what has happened as we have moved from a buyer's market to a seller's market with crude oil, and the very dramatic shifts that have happened over the course of the last two or three years as that has occurred, is that to talk about control over your resources and not be able to control the prices for which those resources are sold by the government in the Crown share in kind or the lessee's share, if we lose control over the pricing, then in my view, it is really pretty academic to talk very much about a cornerstone of our resource policy being that we seek fair value for our resources, because that cornerstone will come tumbling down pretty quickly. It is a cornerstone of the resource policy of this government and I believe it is the view shared by the members of the official opposition and the independent Member for Wetaskiwin-Leduc that we should seek fair value for the resources of the province.

We have a particular responsibility that one member mentioned. That was the word "trustee" because we are really here as trustees - for the people - of these resources. When we make decisions of this kind with regard to the Crown oil, we are making a decision as a trustee. Because up till now we have taken the position that we will let others determine that price of the Crown oil, the oil which we are entitled to receive in kind.

Now up to this point in the history of Alberta, since 1947 up till tonight, the position has been that the prices essentially have been set by the major international companies. It is significant to look at the history because frankly, leaving aside, and I'll get to it in a minute, the matter of the federal government moves and the shifts to a seller's market, I don't think they have done all that good a job.

I want to make some remarks about industry reaction to this bill, as distinguished from industry reaction that perhaps some of you have heard with regard to Bill No. 94.

The facts are that the average wellhead price for Alberta crude in 1950 was \$2.88 a barrel. Ten years later in 1960 it was down to \$2.27 a barrel; ten years later in 1970 it was only at \$2.49 a barrel. I'm not very impressed - and I've said so - that the major international companies, to whom we have, up until now, said, "set the price for our Alberta Crown share of crude oil," - have done all that good a job.

Now I think they've done a pretty darn good job in terms of exploration, production, technological development and in other areas. I would concede that very quickly. But in terms of the matter of the price to which we were entitled, it can be argued that we crept in - and it was discussed under the Puget Sound market situation - to the Chicago situation. But I think too, that there can be some pretty questionable views that I'd like to express as to whether or not all that great a job has been done.

Remember that a tremendous number of medium sized and small independent companies, up till now, have had really no say. They have been producing the oil and they have been selling it at the Redwater price. The Redwater price has been established by the major companies - which weren't holding great industry meetings - to all come together and say, "Do we all agree on what that price should be?" They weren't doing that at all. What was happening was that the four or five integrated companies were establishing that price.

Well, I've heard too some expressions here with regard to the concern of the government getting this much involved in it. But I really think that, with respect, one has to look at the fact that we are starting off with a resource we own. We're dealing under PART 2 of the act with a commodity we continue to own, the Crown share; under PART 3 we are dealing with the portion which we have leased to others.

The Member for Drumheller referred to the situation with regard to the Wheat Board, and the position involving farmers. We've had some expressions of concern with regard to free enterprise. We haven't moved, as the Saskatchewan

government has moved, without any notice whatsoever expropriating freehold interest. We have carefully and clearly left freehold interest out of this bill. There is not an element of compulsion with regard to the freehold interest.

The lessees have come in and explored. I find a very interesting reaction, perhaps one that they won't say too much [about] publicly. They've had some pretty strong words to say about Bill No. 94, The Mines and Minerals Amendment Act and that's understandable. But with regard to The Petroleum Marketing Act, I've had a number of smaller and medium-sized companies come to us and say, "provided you handle it in a fair way, frankly we would prefer a situation where the commission, acting in the Alberta public interest in seeking fair value, established the price for Alberta crude oil rather than leave it to the maze of the total world international oil situation with all of the trade-offs and set-offs that can occur.

I think it's a tremendous step forward for the Province of Alberta and for the industry; and I say that without the slightest equivocation: "and for the industry" - particularly the smaller independent companies - that we are now going to move into a position of acting as agent broker on their behalf with regard to their share, and, that we are going to be, under PART 2, selling the Alberta Crown portion in the Alberta public interest.

I've heard the comments with regard to free enterprise, and I appreciate the concerns there. I would frankly think that that argument has a greater merit, and we will hear it again, I am sure, as matters develop in issues such as the projects that we're involved in many times as government. But to come into a resource that we own and market that resource is, I think, a situation quite different.

I would have to say that some members who have expressed concern have got to appreciate, as the hon. Member for Drumheller put it - and I thought put it well - that governments make these decisions. Government made the decisions with regard to Alberta Government Telephones. Government made the decision with regard to the Treasury Branches.

I remember when I was first involved and I was taking a fairly dogmatic line, I suppose, and a free enterprise point of view and started to do my examination of the Treasury Branches in this province. The more I got into it the more impressed I was with what it was doing and why it was doing it, and recognized - it took a while - that it was in the best interests of the people of Alberta that we have these Treasury Branches. I think that that is a progressive and pragmatic free enterprise approach.

But we also have, with regard to Bill No. 94 - and the Member for Macleod pointed this out - another very important objective and that is in relationship to the export tax that is burdening this province so heavily at the moment. We have said in the document we left with you setting out the Alberta government policies on energy that the objective of the export tax as originally conceived, which was to get the opportunity price in the United States in relationship to a price for Canadian consumers, is an objective that we as a provincial government supported and endorsed.

We were met with the counter-argument that you had no vehicle, you had no way by which you could do it. Well, we said, that's right. We noted your comment in your energy analysis and we thought we'd sit down at a conference of federal and provincial first ministers, discuss it and come up with a way to do it.

As you all know, that is not what happened. They moved unilaterally, and the federal government established it without any consultation with us, without giving us any opportunity to discuss other ways of doing it. There are other ways of doing it, and I'm sure we could have found them in a spirit of federal-provincial cooperation. But we weren't given an opportunity to do that. We weren't given an opportunity at all.

From the moment this bill passes third reading and is given assent, that opportunity exists in PART 4. The sceptics can say: they won't do it, they won't work such an arrangement out. Well, perhaps a national government might not; I would hope they would. But within PART 4 is the opportunity to meet the objective of the export tax for the consumers of Canada, and at the same time respect the jurisdiction of the provinces with regard to their control of the resources. Today when we look at the matter of the amount involved, let nobody be led astray in terms of the significance to this province. We don't have an export tax as I said the other day in the question period, of \$2.20. We may have a 40 cent export tax, but we've got a \$1.80 price freeze penalty tax

against the people of Alberta and its resources, and that's a tremendous amount when, at the same time, they are saying, come on Alberta, do your share, pour it out. As the hon. Member for Drayton Valley said, perhaps cause some reservoir damage, help the rest of Canada. That's quite a bit. That's quite a request to make.

Well, some say that we should start to negotiate on the amount. I've been fascinated - and maybe have to get a green eyeshade - I've been fascinated with that particular concept. It started at 22 per cent with strings; we say, we stand on principle, and we refuse to deal with it. I now notice it is up to 50 per cent without strings. Maybe if we take the position that we will continue to stand on principle, and that our principles are not up for auction, it might be surprising what the end result might be. But for me, I want to stand on principle.

Now some of the members opposite have raised some important points. I mentioned and responded to the hon. Member for Drumheller in terms of the judgment decision on the involvement of government or the non-involvement of government. I think it's pretty obvious to all members, and certainly to members on the other side of this Assembly, having heard some of the speeches here, that quite clearly members on this side of the House express concern with regard to the degree of government involvement which is implicit in Bill No. 95. That is the nature of this December day in 1973 and attitudes by the federal government.

The Member for Cardston certainly brought forward constructive ideas. Frankly, I think that if the suggestion had been made - and perhaps we should do it in any event, as we meet with the industry, I believe on Monday, and later meetings - that there be, maybe as part of the legislation in due course as we amend it, an official advisory committee from industry. I think there is merit in that; an industry advisory committee that would work with the commission. I think the Minister of Mines and Minerals has said that that's something that we could consider as we move along.

With regard to the other comments that the Member for Cardston, who I respect, raised, I only say this, I think about those good old quiet days and I really think that what's happened, and the difference is simply this: We are now into a situation where we struggled pretty hard to find markets for the oil that we own in this province and we wanted to sell - when I say we, I think the industry and the government together - and those markets were gradually obtained, but not easily obtained. But now the situation is quite different; it's not like the good old days. Now the federal government really wants to start to get involved with our oil. They really want to get a piece of the action here in this province. Instead of looking the other way, I think that what we are seeing today, in the nature of what we're seeing today, is the realization and recognition of the value of these resources that were transferred to the people of this province in accordance with the terms of the Constitution. So we may long for those good old days.

I notice, too, that the Member for Little Bow, during the course of his remarks, was looking and struggling for a term for a new party concept. I hadn't heard that term social conservative for a long time. I am sure he is of the view that we probably have gone beyond even what he had in mind. I see that he shakes his head in the affirmative. He raises with the Legislature the important question of whether or not there would be merit in setting a time period as to the application of this bill.

I believe that, as has been pointed out, with annual reports, with sessions twice a year, with possible amendments to the bill that may or may not be required in terms of expanding it into the areas of synthetic crude oil and natural gas, there will be a constant opportunity with legislation of this importance to bring it before the House so that we are able to assess whether its continued need is there. But I do appreciate that constructive suggestion.

Mr. Speaker, though, in closing, I am sure that every member in this Legislature is now giving thought to the nature of the vote, and I have one concern. There have been three or four members opposite who have made some comments during their remarks on the bill and have expressed concern with regard to confrontation. Mr. Speaker, there is no doubt in my mind that with the present legislation before the federal House, with regard to The Emergency Energy Allocation Bill, with regard to the ways and means provision on the export tax, that any person who is considering how he or she [will] cast their vote under Bill No. 95 - who casts it without recognizing the magnitude of the confrontation - then they haven't understood the situation.

If, on the other hand, they are concerned about the confrontation, I urge them to not vote for the bill. Because we are into confrontation, as the Member for Macleod pointed out. We may not want it. We will do our very best to try to develop the commission, work with the federal government, ignore any sort of personal attacks, do our very best to cooperate in every way we can.

But we have to accept the fact that confrontation is a distinct possibility. I would think that if they thought back on the other side, in the official opposition, in terms of the history of their party, they would recognize, when they look back at that history, that they felt very strongly about their principles, and they were prepared to accept confrontation if it could not be avoided.

Certainly, in our judgment, we recognize that we may be the mavericks. But we intent to be strong mavericks. We do not want anybody to be under any misapprehension and come back later in this Assembly and say they voted for this bill under the misapprehension that it was not what they expected. Because if you can't stand the heat, then you get out of the kitchen. And I think there is going to be a lot of heat, and a lot of pressure.

We, for our part, have heard many times - and I believe the Member for Highwood and I would with respect like to correct him - we have let ourselves be swung into a false impression with regard to the prosperity of our province relative to other provinces, and particularly those provinces consuming our resources. The statistics are pretty clear. We do not have an average income level above the Canadian average, even with our resources. We do not have an average income level even close to the area that is basically consuming our resources, the central Canadian portion and the Province of Ontario in particular. We have an average income less than that. We do ourselves no favour, and Canadians and Albertans no favour, if we communicate that we are a rich, affluent province and all we want is to gather together more.

What we recognize is that we're dealing in a time in our history with depleting resources. That this is a time for Alberta and time for Alberta to get fair value for its resources, and that we should not be asked by the rest of Canada to get less than fair value. Because we need to get that fair value to build the base for our children and our grandchildren.

It's now Alberta's time in Confederation. I believe we have the strong support of Albertans on these measures, that we have got a strong and positive reaction to them, that we will be entering into six of the most difficult months in the history of our province. There will be some trying times for all of us, no matter where we sit in this Legislative Assembly. But if we believe in the fundamental principle that we can control our own resources, manage them in the best interests of Albertans, both today and in the future, and do that fairly with the rest of Canada, and expect them and the federal government to represent not just central Canada but all of Canada, and to respond in a positive way, then I think the end result can be the effective working of Bill No. 95, the support of the industry, and a fair deal both for Alberta and for Canada.

MR. DIXON:

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

SOME HON. MEMBERS:

No.

MR. SPEAKER:

May the hon. member adjourn the debate?

SOME HON. MEMBERS:

No.

MR. SPEAKER:

I'll put the motion in a formal manner if the hon. member wishes. Otherwise the debate may proceed on the present basis.

MR. DIXON:

I'd request a formal vote for adjournment. We had over five hours today on this and surely ...

MR. SPEAKER:

Has the hon. member a seconder?

MR. LUDWIG:

Seconded.

MR. SPEAKER:

Having heard the motion for adjournment of the debate, would all those in favour please say aye. Those opposed please say no.

The motion is lost.

MR. DIXON:

Now, Mr. Speaker, I ...

MR. SPEAKER:

Order please. The understanding of the Chair according to the authority in Beauchesne is that a member who has moved the adjournment of the debate which has been defeated has thereby spoken and has lost his right to speak further in the debate.

MR. DIXON:

Mr. Speaker, in answer to your ruling, it has been, and it has happened in this House by tradition, that we have allowed the member, because he lost his vote on this adjournment motion, to go ahead with his speech, but I'll abide by your ruling. I would just like to point out that that has been the tradition over the years. We have accepted it as a Legislature.

MR. SPEAKER:

In absence of a Hansard I am not aware of that tradition. If the hon. member wishes to request the unanimous leave of the House that certainly would put things in order.

SOME HON. MEMBERS:

Agreed.

MR. SPEAKER:

I take it the hon. member has the leave of the House.

MR. DIXON:

Thank you, Mr. Speaker, and hon. members.

There were one or two points I would like to touch on. I can understand the tremendous pressure that the hon. Premier has been under the last few weeks, in particular on the oil issue, because I know he well remembers, Mr. Speaker, that it was just a year ago when he felt that he would have to get a fair price for Alberta as far as his gas resources were concerned. At that time our fight was with TransCanada Pipelines and the Ontario government who didn't want to see the issue of higher gas prices because it may affect their industry. Since that time of course, we have been confronted with the oil situation that we have today.

I would like to make one or two remarks on what was said by some of the hon. members. I noticed the hon. Member for Calgary Buffalo. I agree wholeheartedly with some of the statements that he made. I would like to say that I give him full marks. He's a most interesting speaker and a very precise speaker. I think he won't mind my underlining his remarks when he said that the federal Conservative party had lost its impact as a federal voice. I agree with him. I believe the Conservative party is ...

MR. GHITTER:

On a point of order. Just to clarify the record, I deny totally making those statements, and I want the record to show it.

MR. DIXON:

I'll accept, Mr. Speaker, the hon. member's apology - or explanation. No, I'm not saying he stated it there. If the hon. member denies that he said it I'll accept that, but the impression he left, at least with me and other hon. members of the House, I'm sure, Mr. Speaker, was that because of regional problems within federal parties - and I took it that he meant the federal Conservative party as well as the other federal parties - they had lost their impact as far as getting a united force in many cases of important problems that come before the House. Many of the important problems that come before the federal parliament, of course, are the regional problems, like the one that we are facing now.

I think we will all admit, Mr. Speaker, that really the fight today is between Alberta as the owner of the resource, and industry as the developers, on one side, and the federal government who seems to feel that it has the first priority as far as the consumer is concerned. This is where the argument has come in. I don't think there is anything that points up to the fact that federal parties, and in particular the Conservative federal party, have difficulty in coming up with a policy, because I'm not going to bother reading statements. The only statement I would like to read is because the hon. gentleman in the House today was the hon. Member for Peace River in the federal House. He wants to go in a strong way, that he does not want to support the federal government on its oil policy, and in particular this board that they are bringing up, the allocation board. He doesn't want to follow that. He gave a very similar speech to the [one the] hon. Member for Highwood gave tonight, almost identical.

If you go and talk to the Ontario members of the Conservative party, they say that they can't come up with an energy policy that is satisfactory to their caucus at the present time.

So all I'm saying, Mr. Speaker, is the fact that the Conservative party has difficulty in the federal field. Therefore, I don't think we can rely on them as a provincial Legislature or as a provincial Conservative party; we are not going to get the support that I think would help sell our argument with the federal government.

Turning now to the Member for Spirit River-Fairview. He wondered how we could get along with the other provinces to the east and to the west of us. Of course, I'll only remind him what the famous statesman, Conservative statesman, Sir Winston Churchill, said. He said, the reason that the Conservatives were always afraid of the socialists is that whenever they saw something big and running well they wanted to take it over. So I can see where it has difficulty as far as the Conservatives are concerned in working with the two other provinces.

I would like to leave one or two suggestions, Mr. Speaker, with the hon. Premier and members of his government, and members of the Legislature for that matter. I feel that for all there is a lot of, maybe should we say, animosity and arguments going on between the federal and provincial governments, we shouldn't lose sight of the fact that the federal government legislation can be amended and probably will be amended. I think we should work on that just as actively as we are working to protect ourselves as far as passing Bill No. 95.

I was going to touch on the fact about rumours about a certain provincial election, but I think I'll write that off with just one or two little statements. I don't believe this is the time that we should be talking about a provincial election, because I don't think there is any argument. It has been said on both sides of the House, in particular by the Premier and hon. members on the other side, that they feel they have the support of the electorate in Alberta as far as their oil issue is concerned with the federal government. But even if an election was called and let's say that 75 seats were won by the Conservative party, I don't think it would help us in our fight with the federal government. I think this has been one of our problems, why the fight has originated, because of the fact that there are no members other than Conservatives at the federal level within the province, so having 75 provincial members certainly wouldn't help the argument any further.

I am one who feels that the marketing board will be most difficult to implement. I believe that you could have a marketing board for gas because of the fact that it is limited and who is distributing that gas. It's not the same as oil and I honestly feel, Mr. Speaker, that we will have difficulty even if our Legislation goes through 100 per cent because we are dealing in a very complicated field, that of the marketing of oil.

I would also like to point out - and I am probably going to read the statement that I prepared to show us - that our fight may not be so easy with the federal government, because we can talk about owning the resources all we want but the fact is that the federal government, Mr. Speaker, can go into almost any field if it is declared a national emergency in their eyes.

The other thing too, I think you will have to appreciate the fact that the federal government will come under tremendous pressure and I say this for two or three reasons. One is that, with our instant communication today, Canadian people can see what is happening in other places in the world. They hear about what is happening in England tonight, what is happening in the United States. People really get concerned when they hear about the cars running out of gas and the furnaces closing down because of lack of fuel. I can see that there is a tremendous political pressure put on the federal government. So they are going to take, I think, a very strong attitude toward the fact that they are going to, wherever possible, guarantee Canadians, at least, a supply of fuel.

The only danger that I can see in it is that they don't get carried away and start talking about rollback prices just because it happens to be Canadian. As the hon. Premier has pointed out many times, we want a fair price for our product. To that end, I am sure we will get it if we do our best, do whatever we can, as I said earlier, to try to have the federal government make amendments to its proposed legislation which will be more in line with the thinking of our Province of Alberta and the development of our resources.

Much will depend on the relationship to be thrashed out by the provinces, and in particular our own Province of Alberta. The opinions of this province are, of course, important and the Government of Canada will doubtless give them the serious consideration they merit, because we have a good case. When you have a good case, then you get serious consideration. I am sure the Premier and all those who will be with him when he goes to Ottawa to the first ministers conference have a good case. It has merit and usually when merit or truth or whatever you want to call it is on your side, you have an exceptional case, a good case.

I think we should also keep in mind, though, that in the last resort the Dominion has several means of making sure of its policies, with such provincially suggested amendments as it sees fit to adopt. This is why I keep going back to the fact that we should also work, not only in this Legislature to get our legislation enforced, but also to work for amendments and constructive suggestions towards the proposed federal amendments.

The federal government, of course, can come in first by way of taxation and, of course, we have already had that experience with the export tax which we are so concerned about.

Secondly, of course, if the federal government wants to make some amendments to its bill, it can talk about subsidies so that we may be able to get a fair price, and subsidies to take care of the fact that there may be some areas, as the hon. Member for Drumheller pointed out, in our areas of Canada that maybe can't stand even the fair price that we may be asking in two or three months time.

Third, parliament has the power to declare any works to be works for the general advantage of Canada, and so bring them under the exclusive jurisdiction of the Dominion. Parliament has exercised its powers, believe it or not hon. members, 470 times in the history of our Canada, notably to control the grain trade. I am sure if the hon. Deputy Premier was in the Chair he would be interested in this; it declared every grain elevator in Canada to be a work for the general advantage of Canada. It could do the same for every rig, refinery or other installation in the oil industry.

Fourth, it could go further if it wished - and we have had this exercised on us before, in the province, we had it when we were in government - they can also, being the highest court in the land, disallow the provincial act. If any province passes legislation which would thwart the Dominion's energy policy, the Government of Canada can disallow it, wipe it off the statute books. This power has been exercised 112 times in the history of our Canada, often specifically on the grounds that a provincial act was contrary to Dominion policy, Dominion interests or Dominion legislation.

I only point this out to the hon. members through you, Mr. Speaker; that our fight with Ottawa may not be as easy as some people would like to think it would be. But at the same time, our case has merit. If we can go forward with constructive ideas and the fact that we have a solid case on our side, I am sure that the federal government will come around to thinking more in line with what

is right as far as a fair price for our product is concerned, having in mind the general good of all Canadians.

In closing, Mr. Speaker, I would like to say that in my opinion the federal government is most anxious to help us with the tar sands. I know a lot of the hon. members may say, well, how do you come to that conclusion. Well, I believe that they have taken quite a firm stand, as they call it, on our conventional oil and what little oil we are producing now through the tar sands. I think the people in Canada are urging the federal government to do something about the vast resources we have and, of course, that is why the federal government is turning to the tar sands. I think we are in an excellent time to encourage them to get behind us to encourage not only governments to invest in the tar sands, but I think the continued investment of private enterprise in the tar sands. I think the Shell Oil Company with its proposal should be encouraged.

I was pleased to hear today from the hon. Minister of Mines and Minerals when he suggested that it looks like go for Syncrude because the only way we are ever going to meet an emergency situation is for encouragement of further development.

The tar sands, to me, are a better investment for the future than our conventional oil. By saying that I don't mean that we should forget our conventional oil, but I am sure it has been said by the Minister of Mines and Minerals and the hon. Premier that if we are going to find, for example, further gas supplies, especially in deep tests where the largest gas finds are usually found, we are going to have to be talking prices of 40, 50 and 60 cents for gas. So when you think that a development in the tar sands would provide 3,000 jobs in one project under the construction phase and then about another 1,000 to 1,500 permanent jobs once that facility is built, you can see why it is very evident that the federal government should support us and should do everything to encourage this great resource we have in our Alberta tar sands.

Another thing that I would like to note about the fact of the tar sands, without the tar sands the oil industry's ability to offer jobs could decline as established producing regions mature and activity slows down in other areas. So that activity will slow down but, of course, at the same time it has helped in the fact that we are also going into the frontier areas, and in particular, into the Northwest Territories. It will be some time before the Northwest Territories or the frontier areas will have the same impact on us as the tar sands will have on us.

Another thing that's in our favour and, I think, why we should also urge the federal government, is that the tar sands will promote the development of a first-rate Canadian expertise in a field which will be in continuing demand in Canada as well as in other tar sand areas throughout the world. In other words, we can put Albertans first. They were first in the large development by Great Canadian Oil Sands. We should encourage that so that our expertise is known throughout the world. There will be better and greater job opportunities and professional opportunities for our young people.

Also, the fact is that the tar sands will create a flow of oil to the consumer and in doing that will guarantee continued utilization of the large oil pipeline system in Canada, which we need so vitally. I don't need to emphasize that because that is part of our situation today. It isn't the fact that we have an oil shortage in Canada; we really have a transportation problem as much as we have an energy problem.

There are one or two other suggestions I'd like to make before I sit down, Mr. Speaker. I noticed the Minister of the Environment is here and I was wondering if his department is doing any studies, looking at the great amount of natural gas ...

[Interjections]

...Mr. Speaker, if I could finish ... studies in the particular thing that I'm going to ask him about. I know there are lots of studies going on. I noticed today he was talking about the delta in British Columbia and I don't know how many studies of that have been made ...

AN HON. MEMBER:

It's in Alberta.

MR. DIXON:

Anyway, the delta, as one of the members reminded me, is in Alberta. But there have been studies so many times from the Peace River into our delta area, that I think they would have quit trapping up there now and started reading the studies.

Anyway, Mr. Speaker, the point that I was wanting to return to, to the hon. Minister of the Environment, is I was wondering if the minister or his department is doing any studies to see if they cannot replace in this particular environmental control of our gas plants? There's a tremendous amount of gas used to raise the heat high enough in the gas plants to help cut down on pollution. I was wondering what studies could be made to see whether all that gas we are using now couldn't be replaced by some other fuel. I was thinking, Mr. Speaker, maybe the government should give some consideration, when gas plants are to be established in Alberta we should look seriously at trying to get them located, wherever possible, close to a large coal supply. When the gas runs out, the coal is going to be there and we can utilize at least a portion of that plant and pipeline.

But, in particular, the question to the hon. Minister of the Environment is do look into those two suggestions that I have made. It seems to me, that our gas is a prime fuel, it's a very mobile fuel. I understand from industry that the amount of fuel that's used now to meet requirements for the environmental controls which we have laid down on the gas plants would heat all the houses in Alberta.

Mr. Speaker, in closing, I would like to urge the Premier, his government and members of the Legislature, to do whatever they can, not only to bring in the best possible piece of legislation in our own province as far as our own Legislature is concerned, but also to be very, very active to see if we cannot get to the federal government and have them change the present suggestions which they have by way of legislation, to which we in Alberta object so strenuously.

MR. SPEAKER:

May the hon. minister adjourn the debate.

HON. MEMBERS:

Agreed.

MR. DICKIE:

Mr. Speaker, in view of the late hour and in view of the excellent summary by the hon. Premier of the various points which have been raised, my remarks will certainly be very brief.

I would like to assure the members that I ...

MR. SPEAKER:

... [Not recorded] ... make a correction. I meant to ask whether he might close the debate, not adjourn.

MR. DICKIE:

I would like to assure the hon. members that I noted with interest some of their comments, perhaps not on principle but just on various aspects of the bill. We hope that they will again raise their questions tomorrow during the clause-by-clause study. We'll do our best to answer them.

Mr. Speaker, just one thought that I would like to leave with the hon. members. I sat here this evening realizing that we're now closing toward the second week of our debate on energy and realizing that we have talked about "commodity value" and "natural gas" and the "price of crude oil" and how the government now is changing and becoming involved in price. I was particularly thoughtful tonight when I recalled reading this morning's paper about the uranium crude setting a record price of \$17.40 a barrel, that I should bring to the hon. member's attention something of the basic background of the price in crude oil in Alberta. The hon. Premier has done that, but I have just two additional figures which I would like the hon. members to be aware of, that they can perhaps keep in their mind as they consider the price of crude oil.

The first, Mr. Speaker, is, in December, 1948, the price of Redwater crude - and we took Redwater crude as the average - was \$2.68. Twenty years later,

twenty years later, it was \$2.67. In that period of time it hadn't increased. It did have some ups and downs, but the price remained relatively the same. With that, Mr. Speaker, we then took an index starting in 1948, and we took the index at 100 for Redwater crude; we also took the consumer price index at 100 in 1948 and we took the gross national expenditure at 100.

Mr. Speaker, I'd just like to leave these figures with the hon. members, so I'm going from 1948 to 1973. The Redwater price index increased to 144, the consumer price index to 205 and the national expenditure to 214. Just to give you those figures so you can remember: the percentage increase for Redwater crude, 45 per cent; consumer price index, 105 per cent; and the national expenditure, 115 per cent.

[Mr. Speaker declared the motion carried. Several members rose calling for a division. The division bell was rung.]

[Three minutes having elapsed, the House divided as follows:

For the motion:

Adair	Crawford	Hohol	Purdy
Anderson	Diachuk	Horner	Russell
Appleby	Dickie	Hyndman	Ruste
Ashton	Doan	Jamison	Schmid
Backus	Dowling	King	Sorenson
Barton	Drain	Koziak	Speaker, R.
Batiuk	Farran	Lee	Strom
Bouvier	Foster	Leitch	Stromberg
Buck	French	Lougheed	Taylor
Buckwell	Getty	Mandeville	Topolnisky
Chambers	Ghitter	McCrae	Trynchy
Chichak	Hansen	McCrimmon	Warrack
Clark	Harle	Miller, J.	Wyse
Cookson	Henderson	Moore	Yurko
Cooper	Ho Lem	Paproski	Zander

Against the motion:

Benoit	Hinman	Notley	Wilson
Dixon	Ludwig		

Totals:                   Ayes - 60                   Noes - 6]

[Bill No. 95 was read a second time.]

MR. HYNDMAN:

Mr. Speaker, as to business tomorrow, commencing at 1:00 o'clock after the question period and the usual orders we will begin with second reading of Bill No. 87, The Alberta Insurance Amendment Act, 1973, Bill No. 91, The Highway Traffic Amendment Act, 1973, and in committee, first, Bill No. 84, The Motor Vehicle Accident Claims Amendment Act, 1973 (No. 2).

I would now move, Mr. Speaker, that the House do adjourn until tomorrow afternoon at 1:00 o'clock.

MR. SPEAKER:

Having heard the motion for adjournment, do you all agree?

HON. MEMBERS:

Agreed.

MR. SPEAKER:

The House stands adjourned until tomorrow afternoon at 1:00 o'clock.

[The House rose at 11:41 c'clock.]