

## LEGISLATIVE ASSEMBLY OF ALBERTA

Thursday, March 28, 1974

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

## PRAYERS

[Mr. Speaker in the Chair]

## INTRODUCTION OF VISITORS

MR. LEE:

Mr. Speaker, it is my pleasure, on your behalf, to introduce to the members of the Legislature some 60 students from the Rio Terrace Grade 6 class from your constituency of Edmonton Meadowlark. They are accompanied by Mrs. Bradbury, Mrs. Berglund and Mr. Bubenko. I would ask that they rise now and be recognized by the Assembly.

MR. HARLE:

Mr. Speaker, it is a pleasure for me to introduce to you and to the members of this Assembly some 48 students from the Gus Wetter High School in Castor in my constituency, and from the Halkirk Junior High, also in Castor in my constituency. They are accompanied by their teachers, bus drivers and some parents. I understand they are in the public gallery. I would ask that they rise and be recognized by the Assembly.

MR. DIXON:

Mr. Speaker, it is my pleasure today to introduce to you and to the Legislature 28 Grade 6 students from Sherwood Elementary School in Calgary.

Their trip has been made possible through the program, Expanded Learning Through Culture and Recreational Experiences. They are accompanied by their teachers, Mrs. Kerth, Mrs. Tilbrook and Mr. Thompson. I would ask the students and teachers to rise and be recognized please.

## MINISTERIAL STATEMENTS

Department of Mines and Minerals

MR. DICKIE:

Mr. Speaker, I would like to make an important announcement that will affect the petroleum industry and give assurances to the people of Alberta that their government is receiving a fair and reasonable return on their depleting crude oil owned by all the citizens of Alberta. The announcement covers the government's intention for new royalty rates on all conventional crude oil produced from Crown lands in the province.

The existing royalty rates for conventional crude oil vary with production. The royalty rates do not change with the price of crude oil. These royalty rates commence at 5 per cent and go to 25 per cent. At the present time, the average royalty rate is 22.8 per cent on an annual production of approximately 450 million barrels.

It is the government's intention to leave the present royalty rate in force and effect and consider it as a basic royalty and then combine it with a supplementary royalty rate.

The supplementary royalty rate will vary with production. It will be calculated on the amount by which the price of crude oil after March 31 exceeds the present price of crude oil.

The average price of Alberta crude oil today is \$3.80 with par crude at Edmonton being \$4.11.

For all 'old' oil, the government proposes an average supplementary royalty rate of 65 per cent. That is on the amount of the price increment over the existing price of crude oil in Alberta.

For all 'new' oil, the government proposes an average supplementary royalty rate of 35 per cent. That is on the amount of the price increment over the existing price of crude oil in Alberta, corresponding to the average supplementary royalty rate of 65 per cent on 'old' oil.

Regulations will be passed covering the definitions of 'old' and 'new' oil.

The new royalty rates on crude oil will commence April 1, 1974.

MR. CLAPK:

Mr. Speaker, in responding to the long-awaited announcement concerning oil royalties, let me say at the outset that I am pleased the government has chosen an escalating royalty approach in dealing with the question of oil royalties.

Let me say, Mr. Speaker, that before we throw around the 65 per cent as a royalty figure, let us keep in mind that, according to the minister's announcement, it is 65 per cent of that amount above the price of crude oil at this particular time.

Let me also say, Mr. Speaker, on the designation of 'old' oil and 'new' oil, that this approach is fraught with an horrendous number of administrative difficulties. All one has to do is look at the numerous problems that have developed south of the border since this concept has been inaugurated there.

The last point I would like to make, Mr. Speaker, in commenting on the minister's announcement is this: I would like to say once again that we would support more enthusiastically an escalating royalty tied to the amount of production per well and assessed on a per-well basis. Admittedly, this would add some administrative difficulties, but administrative difficulties not nearly as horrendous as becoming involved in the 'old' and 'new' oil concept.

#### Office of the Premier

MR. LOUGHEED:

Mr. Speaker, as members are well aware, the Budget Speech noted (on page 6) that the revenues in the Budget do not include "... additional oil royalty revenues expected from price increases and the new royalty schedule. ..." You have now heard the announcement, Mr. Speaker and hon. members, from the Minister of Mines and Minerals that effective April 1, 1974 there will be a supplementary royalty on production from Crown leases at an average rate of 65 per cent on the amount of the price increment over the existing average wellhead price in Alberta of \$3.80 per barrel.

It is my intention, Mr. Speaker, to now outline to the Legislature the reasons for the proposed price position of the Alberta Petroleum Marketing Commission commencing April 1, 1974, as confirmed Tuesday by the Alberta cabinet and as discussed yesterday in Ottawa with First Ministers, together with its impact upon Alberta, and various related matters. I would be pleased to answer questions by members on this matter.

Before outlining the specific proposed price position of the Alberta Petroleum Marketing Commission I would like to review some critical background factors. We called a special session of the Alberta Legislature last December to enact a number of important new measures dealing with energy. Among the most important was The Alberta Petroleum Marketing Commission Act, which, for the first time in the history of Alberta government oil management, took the price setting out of the hands of international companies and put it into the hands of a provincial government agency - the Alberta Petroleum Marketing Commission. The commission, by law, takes delivery and sells all Crown oil production and does so entirely within the province. In January 1974, the commission members were appointed, proceeded to organize, and as of March 1, 1974, have been purchasing and selling all crude oil production from Crown leases in Alberta. It was agreed late in

January that during March 1974 the commission's price list would respect for that month the voluntary price freeze suggested by the federal government last September.

The Act provides that the commission shall sell the Crown's royalty share of petroleum at "a price that is in the public interest of Alberta". The chairman and members of the commission have had a number of discussions with the Alberta cabinet concerning the public interest of Alberta.

The consensus was that the price list commencing April 1, 1974 of the Alberta Petroleum Marketing Commission should take into consideration a number of factors:

- (1) the extent of a price increase which should be undertaken in one step;
- (2) the impact of any price increases upon the Canadian economy and hence, upon the economy of Alberta which is an integral part of the Canadian economy;
- (3) the stability or lack of stability of crude oil prices established by the Organization of Petroleum Exporting Countries (OPEC);
- (4) the average wellhead price of United States domestic crude oil production relative to its impact upon exploration activity in Canada and in the United States;
- (5) The extent of price increases needed to provide encouragement at this time to accelerate future development of the Alberta oil sands.

In reaching a conclusion, Mr. Speaker, the Alberta Petroleum Marketing Commission was well aware of the impact of the decision upon the Canadian consumers of Alberta crude oil production inasmuch as Alberta provides approximately 60 per cent of Canadian petroleum consumption requirements. It was also aware that I had, last November, given an undertaking that Alberta was prepared to stage in increases over a period of years. It was further assessing the enormous impact of the decision by the OPEC nations after the close of our December energy session in doubling their price of crude oil with all of its impact and consequences upon world economies. I must admit, Mr. Speaker, that last December during our session, although I anticipated increases by the OPEC nations, I never expected - nor, I believe, did few others in North America - the huge increases being made by OPEC nations all at one time.

The conclusion that was reached by the Alberta Petroleum Marketing Commission and concurred in by the Alberta cabinet is that the average wellhead price of Alberta government-owned crude oil production should increase effective April 1, 1974 in one step by 71 per cent from an average wellhead price of \$3.80 per barrel by an additional \$2.70 per barrel to an average wellhead price of \$6.50 per barrel.

Mr. Speaker, I would now like to outline the reasons why we concluded that an average price of \$6.50 per barrel is in the public interest of Alberta at this time:

- (1) The price is approximately the same as the average United States domestic crude oil price, which is a matter of significance in terms of continued exploratory drilling for conventional crude oil in Alberta and in Canada.
- (2) Such a price at this time, in our view, provides adequate encouragement for continued interest in future oil sands projects and should permit the Great Canadian Oil Sands plant to start to make up for previous losses. It's interesting to note that Syncrude did not anticipate last August that such a price of \$6.50 per barrel would be realized until 1984.
- (3) Finally, the instability of the OPEC pricing structure is well known and a higher price, until the world pricing situation has stabilized, is considered ill-advised for now. United States energy chief, William Simon, predicted earlier this week that world market pressures would force down the price of oil.

It is also apparent, Mr. Speaker, that as one province essentially owns and sells most of Canada's oil production, the consuming provinces and regions of Canada naturally want to restrain the magnitude and rapidity of Canadian crude oil price increases. The federal government at the January conference proposed a May 1 price of essentially \$5.60 per barrel, compared to the \$6.50 we are referring to today. The Government of Ontario has been vigorously seeking to keep the price down to a level of \$6.00 per barrel.

Having fully considered the special interest of Alberta as a province of Canada, its broader interest as a full partner in this great nation, we concluded that a 70 per cent jump to a price of \$6.50 per barrel met the Alberta public interest at this time.

Mr. Speaker, yesterday at the meeting of First Ministers in Ottawa, on behalf of the Government of Alberta I made one interim undertaking - but only one! I agreed that, in the interest of stability of the Canadian economy, we would ask the Alberta Petroleum Marketing Commission to hold the average price of \$6.50 per barrel to that level for a

period of one year or fifteen months. The request was made by the federal government and it is our understanding that they - for their part - agreed that any proposed federal legislation involving the interprovincial trade and movement of petroleum would be enacted in such a manner as to complement and not conflict with the Alberta Petroleum Marketing Commission Act.

Mr. Speaker, it is my judgment that it is in the interests of Albertans to stabilize crude oil prices for at least a year to fifteen months, so that during this time we can bring an important element of certainty to our petroleum exploring industry; we can undertake continued discussion with the federal government to work with us in diversifying the economy of Alberta and the West; and the provincial government can turn its attention to other pressing matters requiring its attention. The year - which could perhaps be extended slightly to fifteen months - will also give us an opportunity to assess with the commission the future outlook for world oil prices in possibly a more settled international environment.

Mr. Speaker, this brings me to the enormous magnitude of this decision upon the Alberta economy. Based on the royalty provisions just announced - the incremental increase in oil royalty and tax revenues in one year to the Alberta treasury will be in excess of \$900 million. Mr. Speaker, to put that in perspective, these extra funds are equivalent to the total provincial budget of only six years ago.

Revised details of provincial revenue will in due course be presented by the Provincial Treasurer and I intend also in due course to present new fiscal policies for Alberta regarding the management of these additional revenues.

Mr. Speaker, I noted that I made one short term undertaking on behalf of the people of Alberta at the meeting yesterday - to maintain the price of \$6.50 per barrel for twelve to fifteen months - but that was all I agreed upon - and, in fact, there was much discussed that I disagreed with.

Mr. Speaker, we believe that it is unfair for the federal government to have a policy of a one-price system across Canada for only the commodity of oil. This policy discriminates against Alberta and Saskatchewan. Since last January we have taken the view that either the concept be extended - inclusive of transportation costs - to other major consumer commodities which are largely manufactured in Central Canada - or that a share of the export tax be allocated to Alberta and Saskatchewan to be placed in a fund to minimize the extra shipping costs paid by the citizens of our land-locked provinces. As of now the federal government has only responded tentatively to this request for broader equity.

Mr. Speaker, members may inquire as to whether or not we had an opportunity to convince the federal government and other First Ministers that Alberta and Saskatchewan should have at least some share of the federal export oil tax revenues. My assessment is that we might have - but, at the expense of accepting a lower price increase for our oil. It is obvious, Mr. Speaker, that the export market is a declining percentage of Alberta crude oil sales, so such a trade-off would clearly not have been in the best interests of Alberta.

There are further important reasons why we aimed for a price increase rather than any export tax share and hence, a lower price. Export tax disposition is under federal jurisdiction - the amount to the producing provinces has been changed before, unilaterally - it could easily be changed again by the federal government. On the other hand, wellhead price is important in maintaining provincial jurisdiction over resources within the province. For Alberta we chose wellhead price and jurisdiction over export tax and loss of resource control.

In closing, Mr. Speaker, let me say that these have been difficult times with decisions of profound impact upon the future of our province and our nation. I felt that such decisions must be made not upon short term considerations, but with a longer view for Alberta and for Canada - so that we can move with stability and confidence to prepare for a new era for a stronger Alberta within a united Canada.

MR. CLARK:

Mr. Speaker, in rising to respond to the announcement made by the hon. Premier, let me say at the outset, Mr. Speaker, that I hope, at a very early date, to get a copy of the statement which the Premier has made and, at that time, have an opportunity to perhaps comment in considerably more detail in this Assembly.

At the outset let me say that we on this side of the House welcome the Premier's reporting directly to the Legislature as he has done today. We say, Mr. Speaker, that we welcome the announcement that, as a result of increased, changed royalties which were announced today, this will mean some \$900 million additional revenue to the people of the Province of Alberta. But let me also say, Mr. Speaker, that when we look at that tremendous amount of money, let us recognize that in the year 1976 - and perhaps even

before that - the amount of production from our conventional crude wells in this province is going to decline. During this period of time a very, very substantive portion of that production is going to be going to the United States.

Let me say, Mr. Speaker, that I am sure all members of this Assembly remember the stand on principle that the Premier, the Minister of Federal and Intergovernmental Affairs, the Provincial Treasurer and other ministers alluded to as far as the export tax, that that was an area completely beyond the jurisdiction of the federal government and we would have no part of trading that away. In fact, if we didn't get all the revenue from the export tax, we were losing control of our resources in Alberta. That basic principle which I think, to a man, every member in this Assembly supported is a principle that was long and loudly discussed during the energy session in December. It's amazing how principles change.

I'm sure that each member in this Assembly feels that the Premier, in his negotiations with the federal government, perhaps had to make a decision between the increased wellhead price of up to \$6.50 - which we support - or a lower amount at the wellhead and a portion of the export tax. But let every member in this Assembly recognize what we've done by today agreeing to the \$900 million on a capital basis. Let us remember, regardless of how we kid ourselves, that the Government of Canada has, for all effect and purpose, set the price of Alberta crude oil. We can say that the marketing commission made the recommendation Monday or Tuesday of this week, and that it was ratified by cabinet Tuesday, but I don't believe that.

I believe, regrettably, that the Government of Canada took the approach of foisting a price upon the government of the province of Alberta, the people of the province of Alberta - whether we liked it or not. And, Mr. Speaker, that decision made in Ottawa yesterday, motivated by the federal government, will, in the long term, have some very, very serious effects not only upon the province of Alberta, but upon the western portion of this country.

The last point I want to make, Mr. Speaker, is that the members of Her Majesty's Loyal Opposition supported the government on the basis of the principle of continuing to control our resources. We supported the government on the question of the export tax. We supported the government in the area of making no concessions to the federal government. On this particular occasion, I can't help but feel, Mr. Speaker, that in the long run, where we may have gained \$900 million for the people of Alberta at this time, let us remember ...

MR. TAYLOR:

For one year.

MR. CLARK:

For one year, the hon. member indicates. But let us remember from 1976 our conventional crude production starts to decline. So it isn't a bed of roses, Mr. Speaker.

The last point I'd like to make, Mr. Speaker, is simply this: it is essential when we're looking at this whole area to recognize very clearly what the Premier said today - that he agreed to \$6.50 yesterday in Ottawa. We agreed to give up 50 per cent of the export tax and we didn't get one bloody concession for it.

#### ORAL QUESTION PERIOD

#### New Oil Royalty

MR. TAYLOR:

Mr. Speaker, I wonder if I could direct one or two questions to the hon. the Premier? Has the government decided how the \$6.50 will be divided, what portion will go to industry, et cetera?

MR. LOUGHEED:

Mr. Speaker, in essence, all of the incremental revenue over the \$3.80 to the \$6.50 - and I'm referring to average prices - which is \$2.70, will be divided in terms of existing production in accordance with the announcement made by the Minister of Mines and Minerals, and that is 65 per cent to the treasury of Alberta and 35 per cent to the industry, hopefully in terms of revised investment in this province and in Canada for replacement reserves.

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Freight Rates

MR. TAYLOR:

Secondly, would the hon. the Premier advise if any progress was made in his talks in Ottawa in using our energy as a lever to reduce or eliminate the inequalities on freight?

MR. LOUGHEED:

Mr. Speaker, there were many discussions along those lines. Basically, I believe it would be fair to say that the conclusion that the Prime Minister and I came to was that, if we were going to be involved in a period of 12 to 15 months at the price that I have announced today, both the provincial and the federal government would work during that period of time to attempt to follow up on the commitments made by the federal government at the Western Economic Opportunities Conference - and I understand a matter of cost disclosure was raised in the Legislature yesterday.

We discussed a possible transportation fund that could be worked out with the three provinces of Alberta, Saskatchewan and Manitoba, and we reviewed the rather interesting debate I had with the hon. minister, Mr. Marchand at the Calgary conference, on the change in the actual concept of the National Transportation Act to being a concept not based just on competition.

I think it is fair to say that my response - and I believe I am not taking the Prime Minister's words out of context - is that he said well, we've got 15 months to see whether or not we can follow through on our undertakings and will do our best to do it, but we both recognize that it is an extremely complex and very difficult subject.

MR. TAYLOR:

Thank you, Mr. Premier. Just one further question.

MR. HENDERSON:

On a point of order, Mr. Speaker. I wonder if we could have the opportunity to ask supplementals on a single question rather than running through three or four different questions from a single speaker at a time? I would like to ask some supplementals on the first question that was asked. I think we are going to spend a lot of time jumping back and forth.

MR. SPEAKER:

Right. In view of the circumstances, perhaps it would be well if [hon. members] were recognized in the usual way, as we do otherwise, as having main questions. It seems likely that most of the supplementals that will be asked this afternoon will be main questions. I would therefore respectfully ask hon. members who have supplemental questions to hold them until their turns are reached in the usual way and then ask their supplementals as main questions.

MR. STROM:

Mr. Speaker, on a point of information, does that mean for example, as the hon. Member for Drumheller has now started questioning, has asked a couple of supplementals, that the next questioner will only have one question then, or will he be permitted to ask supplementals to the question he raises?

MR. SPEAKER:

My suggestion, subject to a contrary indication from the Assembly, would be that after the hon. member's present supplementary is answered we would simply go on and take each member in turn. Then, if any member who had asked a question wished to ask another one, instead of making it a supplementary, he would be recognized again as if he had a main question.

MR. HENDERSON:

On a point of order, Mr. Speaker. I think the question is oil, as a broad policy - if we are going to pursue the question of supplementals. As I see it, there have really been two separate questions asked thus far, by one questioner. What I was suggesting, Mr. Speaker, is that before we go on to another major issue, each member would have the opportunity to address himself with supplementals to the question of royalty, for example - that's one issue. The other issue raised was the question of trade-off.

I would like to suggest that we stick with the first question raised and allow supplementals. Otherwise every third or fourth question is going to be coming back to another issue. I suggest it's in our better interest to follow the usual procedure and allow ample time to exhaust the supplementals on these very important issues.

MR. SPEAKER:

Does the House agree with the suggestion by the hon. Member for Wetaskiwin-Leduc?

HON. MEMBERS:

Agreed.

New Oil Royalty (Cont.)

MR. HENDERSON:

To that end then, Mr. Speaker, may I ask a supplemental to the first question that was asked.

On the question of the royalty commitment that has been made, I would like to ask the Minister of Mines and Minerals if there has been any time factor commitment-wise made relative to the time factor to which this new supplemental royalty program would apply?

On the same question, Mr. Speaker, would the minister advise as to whether there has been allowance made for increased operating costs within that time period?

MR. DICKIE:

Mr. Speaker, on the question of the time element, no time limit has been placed on the regulations that are being proposed. We take the same position as we did on natural gas, and Mr. Speaker, I might read the words of the hon. Premier at that time:

We do not feel such a commitment for a period of years is warranted as it would tie the government's hands if unforeseen action was again taken by the federal government or if there were any other changes which materially altered the basis on which our decisions were made.

MR. HENDERSON:

Mr. Speaker, on the second part of the question, what about the question of costs - operational costs - as it relates to the supplemental royalty?

MR. DICKIE:

Mr. Speaker, I think what the hon. member is referring to is perhaps an inflationary factor involved. That has been under discussion but it hasn't been finalized.

MR. NOTLEY:

A supplementary question ...

MR. SPEAKER:

The hon. Member for Cypress with a supplementary, followed by the hon. Member for Drumheller and then the hon. Member for Spirit River-Fairview.

New Oil Royalty -- GCOS

MR. STROM:

Mr. Speaker, I would like to ask a supplementary question of the Minister of Mines and Minerals. Does GCOS continue under the same royalty payment as previously? And if they do, in light of the agreement with Syncrude and also the announcement made by the hon. the Premier in regard to 'new' and 'old' oil, what effect will it have on GCOS royalties?

MR. DICKIE:

Mr. Speaker, GCOS is under a separate regulation dealing with separate rates of royalties. That is not affected by the conventional crude oil royalty rates we were discussing today so it would not be applicable to the discussion we have had.

MR. STROM:

Mr. Speaker, if I might just follow up on that then. The hon. minister did not say directly if there is any consideration to changing the GCOS royalty structure. I would like to know what the government's intention is in this regard.

MR. DICKIE:

Mr. Speaker, that has been reviewed briefly, but at this time there is no thought of changing the existing royalty structure as it applies to GCOS.

MR. TAYLOR:

Mr. Speaker, did you expect me to ask a supplementary at this time?

MR. SPEAKER:

I was under the impression that the hon. member was on the point of asking a supplementary when we discussed the point of order.

MR. TAYLOR:

Mr. Speaker, I was on the point of asking a third question, acting on behalf of the Leader of the Opposition.

MR. SPEAKER:

The hon. Member for Spirit River-Fairview with a supplementary.

New Oil Royalty (Cont.)

MR. NOTLEY:

Mr. Speaker, I would like to ask the hon. Minister of Mines and Minerals a supplementary question for clarification.

As I understood his announcement, he referred to an average supplemental royalty of 65 per cent. The question I would like to pose, Mr. Speaker, is: is there a staging-in of that royalty between the price of \$3.80 and \$6.50 and an average of 65 per cent over that staging-in, or is there a flat figure right from the start?

MR. DICKIE:

No, Mr. Speaker. I would say that what the hon. member is referring to is a staging-in, there is no staging-in. It's quite correct that my statement did say an average royalty rate of 65 per cent. That's based on production and some of the production, depending on the wells, will be in excess of 65 per cent and some will be less than 65 per cent. That again, Mr. Speaker, I might draw to the hon. member's attention, [is] in accordance with the basic royalty structure that we have which varies from 5 to 25 per cent. If you put that on a graph and show the curve of the graph, the supplementary royalty rate would be on the same curve as the basic royalty rate.

MR. NOTLEY:

Mr. Speaker, a further supplementary question. Will the minister be able to table today the formula as to how this average royalty is reached so that members will have an opportunity to review it?

MR. DICKIE:

Mr. Speaker, I'm not sure whether I could today table the formula. But we will be tabling the regulations and they will contain the formula. If there was some thought that the hon. member would like it ahead of time we might try to give the hon. member the formula at least by tomorrow.

Oil Export Tax

MR. TAYLOR:

Mr. Speaker, a final question to the hon. the Premier. Having regard to the earlier offer of the federal government to distribute the export tax one-third to the producing provinces, one-third to research and one-third to the consumers of eastern Canada, did the



discussion centre around what the federal government will now do with the export tax since Alberta is apparently not claiming any portion at this time?

MR. LOUGHEED:

Mr. Speaker, I wouldn't use the phrase, "not claiming" at the outset of my remarks. I would think that hon. members would be well aware, notwithstanding the comments by the Leader of the Opposition, that a very strong and vigorous claim was made. There was absolutely no acquiescence by the Alberta government - by way of the decision of the federal government - in the decision that was made, supported by eight of the ten provinces.

However, the situation with regard to the export tax is that, as of January, once the price of the OPEC nations doubled, the commitment made by the federal government at the January energy conference was a cushion to subsidize the total cost in the five eastern provinces with regard to one-price commodity for oil.

There were two sources for that. One would be an increase in taxation which would be paid for by the citizens of Alberta as well as the citizens of other provinces. The other would be the export tax revenues. The position taken by the federal government, and not acquiesced in by either Alberta or Saskatchewan, was to meet that undertaking there would be the full amount involved. So the situation really was the same situation as that presented on the matter of export tax at the January conference.

What changed was that at the January conference the federal government in essence, proposed a wellhead price to the Alberta Government of \$5.60 a barrel. My rough calculation is that in the 60 days we improved our position \$350 million.

MR. TAYLOR:

One supplementary to the hon. Premier. Will the federal government now use one-third of that export tax for exploration and research in Alberta and in Canada?

MR. LOUGHEED:

Mr. Speaker, no. The entire amount will be used, as I understand it and there are figures of calculation involved, to pay for the subsidization in terms of the five eastern provinces. There may be a slight surplus and there is still a certain amount of negotiation under way with regard to that particular amount. I believe it is not involved in terms of the question of research. But I believe the Prime Minister said in the federal House of Commons today that there are prior undertakings with regard to a commitment of some \$40 million in research to the Alberta government on the oil sands and would be met out of other funds of the federal government. That was the understanding that I received from his statement in the federal House of Commons today.

MR. HENDERSON:

A supplementary question, Mr. Speaker.

MR. SPEAKER:

The hon. Member for Calgary Mountain View with a supplementary, followed by the hon. Member for Wetaskiwin-Leduc.

MR. LUDWIG:

Mr. Speaker, in light of the hon. Premier's reply that there was no acquiescence on his part to the federal government's decision on the export tax, would he advise the House whether he gave the media and the press the impression that he got what he wanted in Ottawa? Because that is the report we got through the press, Mr. Speaker.

MR. LOUGHEED:

Mr. Speaker, I believe what I said is - and I would reiterate - that we came to a conclusion, as I set forth in my statement, that the appropriate price for a period of 12 and 15 months by way of a staging-in, that 70 per cent of an increase at one jump - not a 25-cent increase over a period of months - was the target we aimed at as we entered the discussions.

We knew, we knew from last January when the federal government made its commitment to the one-price concept for oil that any hope in terms of Alberta and Saskatchewan continuing to receive, after April 1, any significant share of the export tax revenue was very remote, in fact negligible. We pressed the case, both Premier Blakeney and I, but the position was clear, as I mentioned in my statement. Perhaps we could have traded a slightly lower wellhead price for some small portion of the export tax. It was our

judgment that it was in the best interests of Alberta to maintain jurisdiction. We picked price over export tax.

MR. HENDERSON:

A supplementary, Mr. Speaker, just to further clarify the question of the choice between the two alternatives, such as they were, offered to the provincial government.

Could the Premier advise what was the lower wellhead price offered along with the continued portion of the export tax, as opposed to the higher price and none of the export tax? And what would the difference have been over the next year, had the Province opted to take a lower wellhead price and continued with the 30 per cent share of the export tax? What would have been the difference in return as opposed to the \$900 million under the option?

MR. LOUGHEED:

I think, Mr. Speaker, you could take that from a standpoint of rough calculation today, on a 50 per cent sharing basis, the position is about break-even, at slightly below \$6. If you move to one-third of the export tax or one-quarter, then obviously you are moving down that scale significantly. Of course, the position was quite clear, once the undertaking was made at the January conference by the federal government to provide that enormous subsidy to the five eastern provinces, that we would be talking probably, at the most, of 20 per cent of the export tax, that was in any way, shape or form, part of the negotiations.

We felt in terms of the position, as I think I've described it, that to choose or reach for that 20 per cent would be clearly a position where we would have to accept a materially-lower wellhead price than \$6.50.

Mr. Speaker, perhaps I'm going too far in terms of elaborating, but I'd like to take the position that hon. members, particularly the Leader of the Opposition perhaps, have not been fully aware of the alternative. The alternative to our not reaching the consensus that was reached yesterday was a situation wherein we would have faced federal legislation that would have been in conflict with the Alberta Petroleum Marketing Commission, would have threatened the jurisdiction of our province, would have created, in my view, one of the most major confrontations which we would ever have seen in the history of Confederation - to a very sad end, for we all would have been the losers in Canada and in Alberta.

[Applause]

MR. HENDERSON:

May I ask a follow-up supplementary?

MR. SPEAKER:

I think we're going to have to limit the number of supplementaries per member, otherwise we won't be able to make much progress and there are a number of members wishing to ask supplementaries starting with the hon. Member for Spirit River-Fairview, followed by the hon. Member for Calgary Bow.

#### Oil Pricing - Federal Influence

MR. NOTLEY:

Mr. Speaker, I'd like to direct a question to the hon. Premier. It flows from the answer he just gave before. Can the Premier advise the Assembly what threats were made by the federal government with respect to legislation, were Alberta not to agree to this compromise?

MR. LOUGHEED:

Well, Mr. Speaker, I don't know that one would use the word "threats", but I suppose the legislation that was proposed was the very legislation that the hon. Member for Spirit River-Fairview, I believe, on the record has proposed and that was, federal price control over Alberta resources.

MR. NOTLEY:

Mr. Speaker, a further supplementary, but just on a point of order, I'm sure the Premier will ...

MR. SPEAKER:

Possibly we should allow the hon. Member for Spirit River-Fairview another supplementary before going on to the hon. Member for Calgary Bow.

MR. NOTLEY:

Just on a point of order, Mr. Speaker, I wouldn't want the Premier to mislead the House. I'm sure if he reads Hansard carefully he'll note that I at no time advocated federal control.

MR. LOUGHEED:

Mr. Speaker, on a point of order, in The Edmonton Journal of September 7, 1973, the leader of the NDP party is quoted as saying, "Federal legislation ...

MR. SPEAKER:

Order. Order. Order! Order please. The hon. Premier is starting a debate on the topic. It is questionable whether the hon. Member for Spirit River-Fairview had a valid point of order to start with, so perhaps the debate might stop here.

MR. HENDERSON:

If the record is allowed to show the comments on the point of order from the Member for Spirit River-Fairview, I think surely there should be an opportunity to read into the record the other side of the story. I think that's only an equitable proposition.

MR. SPEAKER:

In the first place, I am not permitted by the rules to allow debate during the question period, and in the second, it would be a somewhat doubtful precedent if we were to do it on the basis of newspaper reports.

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

#### Oil Export Tax - Revenue

MR. WILSON:

Mr. Speaker, I'd like to direct a supplementary question to the hon. the Premier. Has Alberta's share of the federal export tax since inception up to March 31, 1974 been estimated, and if so, could he tell us how much it is and how much has been received to date?

MR. LOUGHEED:

I refer the question to the Provincial Treasurer.

MR. MINIELY:

Mr. Speaker, without tying me within one or a few million, I think it's around \$220 million which we anticipate receiving. I should also say that we have just recently received the first cheque which I believe is about \$64 million, which is the first payment towards it.

#### New Oil Royalty (Cont.)

MR. HENDERSON:

I'd like to return to the question asked the Premier as to what the lower wellhead price was that was offered by the federal government, and do I gather correctly that in addition to the lower price they offered something that would work out to about 20 per cent of the export tax, that it wasn't even a case of retaining the present 30 per cent?

MR. LOUGHEED:

Well, Mr. Speaker, I think I could explain that very important question. If we had gone that route in our discussions, we would have been moving towards the proposal that Mr. Macdonald, the Federal Minister of Energy, Mines and Resources proposed in January, which had not only a position of \$5.60 in it, and a 100 per cent of the export tax to other provinces by way of the cushion, but contained the very serious aspect that,

although it was alleged to provide \$6.00 at the wellhead price it, in fact, condoned a federal government tax royalty at the wellhead on Alberta resources. It was my judgment, Mr. Speaker, that to enter into the negotiations by moving in that direction, I would have found myself very quickly condoning the Macdonald proposal which we had rejected outright.

MR. SPEAKER:

The hon. Member for Calgary Mountain View with a supplementary, followed by the hon. Member for Calgary Millican.

MR. LUDWIG:

Mr. Speaker, could the hon. Premier advise the Assembly whether the \$6.50 that was offered by Ottawa, was a take-it-or-leave-it offer, or were there other concessions, or indications of other concessions, that we might get in other areas from the federal government, in light of what we had to take by way of the \$6.50?

MR. LOUGHEED:

Mr. Speaker, perhaps the hon. member was not listening, but the \$6.50 average per barrel was not an offer of the federal government. Their offer was \$5.60 a barrel. The position taken by the Prime Minister in meeting with the ten premiers of Canada, and I think in a very important meeting in the history of Confederation, started the meeting - and I don't believe I'm breaching the privilege of the meeting - on the basis of seeing whether or not 11 governments could reach consensus with regard to it. I would like to assure you, Mr. Speaker, and other members that with regard to the offer, so called, from the consuming provinces, it was substantially less.

MR. LUDWIG:

Supplementary, Mr. Speaker, to the Premier, if the \$6.50 was not a take-it-or-leave-it offer, why did the Premier take it? Why didn't he go for more?

[Interjections]

MR. LOUGHEED:

Mr. Speaker, obviously the hon. member has some difficulty in understanding this subject.

SOME HON. MEMBERS:

Agreed.

MR. LOUGHEED:

The nature of what we discussed in my statement was that we went into the negotiations with a target, which we had had concurred in here by the Alberta Petroleum Marketing Commission, of a 70 per cent jump at one time - for the reasons I've described. We went into that meeting recognizing that Ontario, for example, had publicly come out with a position of \$6 as the absolute maximum that they would accept. So we got ourselves in a position of federalism working - where 11 governments came to a consensus and we ended up with the very target we aimed for at the start.

MR. SPEAKER:

I've already recognized the Member for Calgary Millican for a supplementary, followed by the hon. Member for Cypress.

#### Oil Pricing - Global Influence

MR. DIXON:

Thank you, Mr. Speaker.

I'd like to direct a question to the hon. the Premier. Was there any discussion or consideration given to the very opposite of what we are talking about today, Mr. Premier - that if a price war breaks out in the world and oil is shipped into eastern Canada at a cheaper rate than it is today even over and above our present western agreed-on, compromised price that you have announced today - was there any agreement or any discussion to take care of that situation, because it could happen?

MR. LOUGHEED:

Mr. Speaker, it is a very important question. It could happen. And it was for that reason, among others, that I felt very disposed to not argue that point. And the reason I felt so disposed was because, if that is the sequence of events that occurs, the amount of the export tax will drop very sharply - and we would have been left with a percentage of a very declining amount. This way, we have the base position of the rising amount of wellhead price.

So it is a very important point. If the world prices of crude oil should take a sudden drop, and we had gone for an export tax share, I can hear what we would hear around this Legislature today.

Oil Pricing - U.S. Price Influence

MR. STROM:

Mr. Speaker, for a point of clarification to the hon. Premier, did I understand him to say in his opening statement that the price Alberta set had some relation to the average U.S. price at the present time? He nods his head.

While I'm on my feet, may I ask another question, Mr. Speaker? Would it then be true to say that if the U.S. average price rises that this will not reflect in the price that will be paid to Alberta, and it will, in fact, be picked up by a further increase in export tax?

MR. LOUGHEED:

Mr. Speaker, just to clarify that. To confirm the first part of the hon. member's question, the statement we made is that the price of an average of \$6.50 a barrel is very approximately close to the average U.S. domestic wellhead price of 'old' oil and 'new' oil.

I am not sure that I understand the second portion of his question, and perhaps the hon. member could elaborate on it.

MR. STROM:

Mr. Speaker, yes if I just very briefly might say this. I took the average price in the U.S. to include 'old' and 'new' oil and possibly import oil too - I see he shakes his head. Apparently there is no import oil at the present time in the U.S.? My understanding is that there would be and that it would have some reflection on prices. But as long as I understand that it's the price on 'old' and 'new', then my question simply would be as I placed it, Mr. Speaker. I still think there is a possibility of 'new' oil rising in price too. Would it not, Mr. Premier?

MR. LOUGHEED:

Mr. Speaker, perhaps the point that was being made in the statement could be expressed this way: the price of \$6.50 was reached by the Alberta cabinet and the marketing commission in looking at the United States' average domestic production price for the purpose of assuring that within North America the incentive to drill and to explore would not be too widely divergent as between [those] two nations in North America. So we felt that if we came in with a price - and quite obviously one of the arguments I made yesterday to get the acceleration up to \$6.50 to have a healthy petroleum industry based in Alberta - it was necessary for us to have a higher price than \$6.00 a barrel, to have it at least \$6.50 a barrel to assure that it was close enough and approximately within the range of the average United States price for encouragement of drilling.

Now it could happen that the average United States price - if I follow the hon. member - over the course of the next 15 months could, in fact, itself rise. There is conflicting information on that. If you're listening to Senator Jackson you get one point of view. If you're listening to other people you get another. Our feeling was that we bring an element of certainty - and 15 months is not that long a period of time. If that happens, naturally at the end of the 15 month period we would press in terms of, and we would look towards, a higher price for Alberta crude on the argument that it was necessary to maintain that exploratory incentive position.

MR. STROM:

Mr. Speaker, may I ask just a last supplementary question on the matter of pricing?

MR. SPEAKER:

Yes, followed by a final supplementary on this topic by the hon. Member for Wetaskiwin-Leduc.

Oil Policy - Federal Influence (Cont.)

MR. STROM:

In accepting the \$6.50 basic price for now, ensures that there will not be any interference with wellhead pricing - my question, Mr. Speaker, does not it in fact reflect the federal government's indirect control by their having to say either, yes or no that we accept it?

MR. LOUGHEED:

Mr. Speaker, that's a very important question. The position is clear and the realities should be faced by Alberta. The very nature of the magnitude of the increases in world prices and the importance of the commodity of oil, I believe, forces the recognition of all Albertans that the federal government is determined to assert its jurisdiction within the Constitution and the jurisdiction in terms of the interprovincial movement of commodities such as oil. We might as well, Mr. Speaker, accept the fact they are going to do it.

What would have been, in my judgment, very, very unfortunate is if I were reporting to the Legislature today an absence of consensus, a legislation brought in and in fact proclaimed by the federal government, in such a way as to have had, to use the hon. member's question, indirect price control, and hence be in the position, on the legal advice I've received from the Attorney General, that when you have federal legislation and provincial legislation on the same matter and there is in fact conflict, then the federal legislation has the stronger position.

Now, we would have fought it with everything we could, if it had been necessary for us to do so - in the courts and in every way we could. I think we have to accept the fact that the day is far behind us when the federal government will not assert its jurisdiction in terms of interprovincial trade and commerce on the commodity of oil.

MR. SPEAKER:

The hon. Member for Wetaskiwin-Leduc followed by the hon. Member for Drayton Valley.

Oil Export Tax (Cont.)

MR. HENDERSON:

Mr. Speaker, I'd like to ask the Premier a further supplementary question on the export tax. If the Premier mentioned it in his speech or statement, I didn't catch it.

Could the Premier advise the House as to the projected magnitude of the export tax revenues over the next 12 months, and further, some idea of what the export market is during the next 30 days, or the calendar month of April?

MR. LOUGHEED:

Mr. Speaker, that's a tough question to have at my fingertips. I'll try to get the hon. member the information and pass it to him.

MR. SPEAKER:

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

DR. PAPROSKI:

Mr. Speaker, may I have a supplementary on the export tax?

MR. SPEAKER:

We might come back to it. I've been looking for supplementaries for a time and we do have a list of members waiting to ask their first question.

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New Oil Royalty (Cont.)

MR. ZANDER:

Mr. Speaker, my question is to the hon. Premier. Did the other provinces of Saskatchewan and British Columbia agree to the same interim understanding of the oil pricing in their respective provinces as Alberta?

MR. LOUGHEED:

Yes, Mr. Speaker, the Premiers of the Provinces of Saskatchewan, British Columbia and Manitoba also concurred in our interim understanding.

MR. SPEAKER:

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

Oil Pricing - - - Petroleum Marketing Board

MR. NOTLEY:

Mr. Speaker, I'd like to direct this question to the hon. Premier. It flows from his statement today with respect to an agreement on the marketing board in Alberta.

My question, Mr. Speaker is this. Does the government intend to proclaim PART IV of the Alberta Marketing Board Act as a result of this agreement?

MR. LOUGHEED:

Mr. Speaker, I think it's quite clear from the circumstances that have been outlined today that the federal government has not approached the matter in that way, much as we regret that if the discussions had occurred in a different way last September it might have been possible. I think we have to face the reality that it's not.

Oil Pricing Structure

MR. NOTLEY:

Mr. Speaker, then a further supplementary question. In effect then, what we have is a price structure which is a negotiated price structure between the producing provinces and the federal government?

MR. LOUGHEED:

Mr. Speaker, the hon. member can draw his own conclusions on that. I believe I've outlined the fact that we established what we viewed was an appropriate average price at the wellhead for Alberta and the public interest of Alberta, but what we agreed to was to maintain that price for a period of 12 to 15 months.

MR. SPEAKER:

The hon. Member for Camrose followed by the hon. Member for Hanna-Oyen.

Snowploughs

MR. STROMBERG:

Mr. Speaker, I'm not trying to change the subject, but I was wondering if the Minister of Highways would inform this Assembly if he has released any snowploughing equipment to the counties in east central Alberta to relieve the serious situation that exists there?

DR. BUCK:

He doesn't have any money.

MR. COPITHORNE:

Yes, Mr. Speaker, all available equipment we have that is not in use is being used in the areas where they are having problems clearing snow.

MR. SPEAKER:

The hon. Member for Hanna-Oyen followed by the hon. Member for Calgary McCall.

Parks Exchange

MR. FRENCH:

Mr. Speaker, my question is to the Minister of Lands and Forests or the Minister of Federal and Intergovernmental Affairs. What is the status of negotiations with respect to exchange of Dinosaur Provincial Park for Wood Buffalo Park?

DR. WARRACK:

Mr. Speaker, I'm happy to deal with that matter. The possibility of Dinosaur Provincial Park being undertaken as a national park has been under discussion for some years, as I'm sure the hon. member is aware. There have been a number of difficulties that in the preceding discussions have prevented any agreement from taking place, one of which is the present insistence of national parks that all mineral rights must go to the federal government if it becomes a national park. This was one of the items - there are probably others that I don't recall just offhand from reading files on the matter some time ago - but that is one of the substantial items that stands in the way of agreement.

MR. SPEAKER:

The hon. Member for Calgary McCall followed by the hon. Member for Clover Bar.

Denticare

MR. HO LEM:

Thank you, Mr. Speaker. My question today is directed to the Minister of Health and Social Development.

In view of the lovely dinner last night, would the minister indicate to the House whether the government is giving consideration to the implementation of a Denticare program operated under, and in conjunction with, the Alberta Health Care Commission?

MR. CRAWFORD:

Mr. Speaker, the last part of the hon. member's question relating to the Alberta Health Care Insurance Commission of course, is the responsibility of my colleague, the Solicitor General.

I would have to repeat to him in answer to the main part of his question the same sort of information I have offered to the House before, that the government has been concerned about both sides of that problem: one, the need for a greater amount of dental care, including preventive dental care, primarily among the younger population; at the same time we are concerned over the rapidly escalating cost of health care on its tax-supported base and premium-supported base through the Alberta Health Care Insurance plan.

It seemed to me, Mr. Speaker, that probably in the long run, particularly in the sense of preventive dentistry which is available in a number of ways, including through fluoridation and certain programs of the local boards of health and the health units which are supported by the province, and in view of the fact that the extended health benefits do provide very substantial dental service to senior citizens, that with the ability of the dental profession in Alberta at the present time to handle publicly-supported programs, we have probably gone about as far as we can go at the present time. But, I would want to say that it is a matter that has continuing review.

MR. HO LEM:

A supplementary, Mr. Speaker. Has the hon. minister had the opportunity to study the denticare program as is adopted in the Province of Newfoundland for children up to and including ten years of age?

MR. CRAWFORD:

Mr. Speaker, the farther some of these programs get away, the more difficult it is perhaps to be fully conversant with them.



MR. LUDWIG:

Get on the phone.

MR. CRAWFORD:

I know that Quebec and Manitoba have recently introduced programs. The overall view that I have, without going into details, is that the Quebec one is a very ambitious program and it is one that, I am sure, all other provincial governments will want to look at. The ...

MR. SPEAKER:

I apologize to the hon. minister, but if he could conclude his answer shortly - we still have a number of people who would like to ask questions.

MR. CRAWFORD:

Mr. Speaker, the answer in regard to the Newfoundland program is, no.

[Laughter]

MR. SPEAKER:

Perhaps we might move on to another topic and come back to this one on another day.

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

Fort Saskatchewan - Dow-Dome Complex

DR. BUCK:

Mr. Speaker, my question is to the Minister of Federal and Intergovernmental Affairs. I would like to know if the minister could advise the House if he has received advisement from the National Energy Board if it has approved construction of two ethane and propane pipelines to the United States which would allow start of the Dow-Dome complex in Fort Saskatchewan?

MR. LOUGHEED:

Mr. Speaker, the hon. minister has been not been involved in that matter in the last day or so. I believe I could report to the House. The situation is that we expect an announcement - I believe the proper word would be announcement - if not tomorrow, the very early part of next week on that question.

MR. SPEAKER:

The hon. Member for Stettler followed by the hon. Member for Calgary Foothills.

Oil Export Tax (Cont.)

MR. HARLE:

My question, Mr. Speaker, is directed to the Premier. Has the government changed in any way its policy that the export tax is an invasion of the government's jurisdiction over its natural resources, and could the Premier elaborate on the fact that the results of the negotiations yesterday result in a stronger Canada?

MR. LOUGHEED:

Well, Mr. Speaker, I think I have generally dealt with the subject and I would merely say, to repeat, that there was and there will not be any acquiescence by this government in terms of selecting the commodity of oil by way of export tax.

We would hope that what would, in due course, come about in Canada would be [that] if the federal government persists in handling it in this way, they would then come out with another approach that involves that a one-price concept with regard to other commodities - other consumer commodities would be developed and would spread. We would hope that members on both sides of the House would work with this in the course of the next 15 months to see if we could reach that.

DR. PAPROSKI:

Mr. Speaker, a supplementary to the hon. the Premier ...

MR. SPEAKER:

Order please. We've run into a problem. We should have started with Bills Other Than Government Bills at 3:30. Perhaps since I've already recognized the hon. Member for Calgary Foothills, we might have that question and then proceed to the next order.

'New'/'Old' Oil - Definition

MR. MCCRAE:

Mr. Speaker, I wonder if we might come back to the royalty question with the Minister of Mines and Minerals. I wonder if the minister would advise the House whether he plans on holding consultations with members of the oil and gas industry in arriving at a definition of 'new' oil and 'old' oil? Thank you.

MR. DICKIE:

Mr. Speaker, perhaps I could first clarify some of the confusion that might arise as a result of some of the hon. Leader of the Opposition's comments with respect to 'old' and 'new' oil as compared with Alberta and the United States. In the United States they really have one royalty and two prices which deal with 'old' and 'new' oil. In Alberta, on the other hand, we have one price and two types of royalty. So I think there is a considerable difference.

However, Mr. Speaker, I would like to say in answer to the question that we did approach this definition with a great deal of concern because of the problems that were arising in the United States. So we have had effective consultation between the Department of Mines and Minerals, the Energy Resources Conservation Board and representatives of the petroleum industry.

We are now working on the regulations which will accurately define the definition of 'new' and 'old' oil. But I might say, Mr. Speaker, that really on the question of 'new' oil, it is covering new discoveries, extension of previous discoveries and enhanced recovery schemes. Now it was the enhanced recovery schemes that might cause some problems, particularly those that have been referred to by industry as 'exotic' schemes. But I think with the capability and competence that we have with our board and in our department, maybe we can overcome some of the problems that have arisen in the United States, and I hope with the capable help that we have we won't experience the same difficulties.

MR. STROMBERG:

Mr. Speaker, may we revert to Introduction of Visitors?

HON. MEMBERS:

Agreed.

INTRODUCTION OF VISITORS (CONT.)

MR. STROMBERG:

Mr. Speaker, I'd like to introduce to you 42 students from Forestburg who have travelled through some of the worst and drifted roads probably in Canada. They are accompanied by their teacher, Mrs. Bunny, Mr. Woods and their driver, Mr. Peek. They are seated in the members gallery and I would ask them to stand and be recognized.

MR. SPEAKER:

Possibly the hon. Minister of Highways should be given an opportunity to rebut the introduction.

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ORDERS OF THE DAY

## WRITTEN QUESTIONS

120. Mr. Dixon asked the following question:

The number of provincial government boards and agencies operating in the years 1970, 1971, 1972, 1973.

The number of people employed by the provincial boards and agencies in the years 1970, 1971, 1972, 1973.

The number of people employed by the provincial government for the years 1970, 1971, 1972, 1973, which were not included in the comparative schedule of Occupied Salary Positions document tabled in the Legislature by the Provincial Treasurer Wednesday, March 13, 1974.

The number of people and the names of persons or companies awarded contracts by the provincial government under special contract as authorized under Sections 46 and 47 of The Public Service Act for the period September 1, 1971 to January 31, 1974.

121. Mr. Ruste asked the following question:

The distribution of Alberta Government Telephone staff in the Province of Alberta as to their location and numbers at each point - for the year 1973.

MR. FARRAN:

Mr. Speaker, I accept the question and beg leave to file the reply.

122. Dr. Buck asked the government the following question:

With regard to charter airlines operating in Alberta for the year 1973 and 1974,

1. On what dates did the Minister of Consumer Affairs meet with representatives of the airlines for the purpose of discussing proposed increase in fares?
2. Which airlines' representatives did he meet with?
3. What steps has the minister taken to prevent rate increases?
4. What steps has the minister taken to reduce the size of the rate increases?
5. Does the Department of Consumer Affairs monitor charter airlines fares?

MR. DOWLING:

Mr. Speaker, I accept the question and beg leave to file the reply.

124. Mr. Taylor asked the government the following question:

What is the total amount of money paid to each of the members of each of the MLA caucus committees (task forces) during 1973?

MR. MINIELY:

Mr. Speaker, we accept that question.

125. Mr. French asked the government the following question:

What is the location for each of the 12 new senior citizen lodges and 12 ten-bed lodge additions, also number of beds for each of the 12 new senior citizen lodges?

MR. RUSSELL:

Mr. Speaker, the question is accepted and I would like to file the response.

PUBLIC BILLS AND ORDERS OTHER THAN GOVERNMENT ORDERS  
(Second Reading)

Bill No. 203  
The Refined Petroleum Products Wholesale Prices Control Act

MR. NOTLEY:

Mr. Speaker, in rising to take part in this debate and moving second reading of Bill No. 203, an act respecting the control of wholesale prices of refined petroleum products, I would like to say at the beginning, Mr. Speaker, that Bill No. 203 is based on two underlying principles. The first is the concept of selective price control, and the second is the proposition that oil ultimately should be treated as a public utility.

Dealing, Mr. Speaker, first of all with the question of selective price controls, I don't think there is any question today that an overall system of complete price controls is unworkable. The bureaucracy necessary to administer price controls on everything from the price of petroleum through to the price of pens would be so overwhelming that we would be defeating the purpose of trying to cushion rising prices by implementing total price controls. But having said that, Mr. Speaker, I think there are certain prices which probably should be controlled in the public interest. Among those prices, I submit that petroleum products are high on the list.

The second underlying principle is that we have to look upon oil ultimately as a public utility. Mr. Speaker, the arguments against treating oil as a public utility are probably fairly straightforward and we will no doubt hear them during the course of this debate. But the same arguments against treating oil as a public utility could have been applied to the whole question of hydro-electric power. But elsewhere in Canada, Mr. Speaker, and even in the province of Alberta, we recognize that hydro-electric power should be treated as a public utility. Why have we recognized that? Because first of all it's of importance to the economy. Secondly, there is really very little competition and as a consequence you don't have the restraining factors of the market place.

Now can that be said about the oil industry in Alberta? Can that be said about the sale of petroleum products in the province of Alberta? Well, Mr. Speaker, in my judgment it can be said. I think if we want to take a look at the gasoline marketing report, the Mackenzie Report which was tabled in this House in 1969, there are some pretty penetrating observations about the operations of the petroleum corporations in Alberta. I would like to quote from page 507, Mr. Speaker, dealing with the control price competition for retail dealers, and I quote:

In general, major integrated oil companies adopt a uniform price and do not enter into price competition with one another at any divisional level.

They produce their own crude and transfer it from division to division internally within their own company or family of companies. As there is no change of ownership, there is no internal need to fix or state a price when it moves from division to division.

Each integrated company has a chain of "tied" retail outlets, which must purchase from it exclusively and which can't purchase from any other company.

Accordingly ...

and this is the important point to note, Mr. Speaker, and I underline it,

Accordingly, there is no price competition at the point where the integrated company finally sells to its tied retail outlets.

So, Mr. Speaker, what we are dealing with then, at least as far as the Mackenzie Report shows, and I think it is perhaps the most exhaustive report ever done in Canada on this question, is a situation at the wholesale level which, if it is not a monopoly, is at least a near monopoly. With this in mind then, it is my submission that we have to look upon the sale of petroleum products as a public utility.

Now the argument can be made - what about the investment of the industry? Isn't it unfair to suddenly look upon the sale of petroleum products as a public utility? Well again, those arguments could have been made 60 years ago when the province of Ontario moved into public power. It could have been made in 1961 when the government of British Columbia decided the public power was necessary. I think that in the case of the industry today it is pretty obvious that their profits are high and they are rapidly returning an investment and then some.

I believe the public has a right to control essential services. We had a debate in this Legislature last spring, Mr. Speaker, over The Alberta Labour Act, and during the course of that debate we discussed the essential services provision of The Alberta Labour Act, and many members in the House felt quite strongly that it was necessary to have the essential services provision of The Labour Act which, in effect, gives the Minister of Manpower and Labour the power to stop a strike.

Mr. Speaker, if we can have the power in legislation to stop a worker from striking which is his avenue of bargaining - his ultimate weapon in the bargaining process - then I think in the same token we have a right to ask ourselves, isn't it in the public interest that something as essential as the production and sale of gasoline throughout the province should have constraints put on it as well and should be controlled. Of course, we already have a recognition of that with respect to propane.

In December of this year the Legislature unanimously passed a bill which gave the government the power to put propane under the Public Utilities Board. For awhile the government didn't move on it, but finally the bill was proclaimed and now the Public Utilities Board has the right, under that Act, to control both the wholesale and the retail price of propane. So, Mr. Speaker, we have a precedent already. Well the argument, of course, for treating oil as a public utility is that if we do so, the investment will dry up and there simply won't be enough funds coming into the province to carry on with drilling and what have you.

Mr. Speaker, I just can't accept that argument because when one looks at the revenues of the industry in the province of Alberta, we find their revenues have steadily mounted. From 1957, for example, they made \$370 million; this year, \$2,821 million is the estimate. And I point out, Mr. Speaker, that's the estimate before the price increase, which should add, in my rough calculations, about another \$550 to \$600 million on top of that \$2.8 [billion] figure.

Now Mr. Speaker, on the other hand their expenditures in Alberta - this is from Oilweek, February 18 edition - their expenditures in Alberta have risen but not nearly as quickly. The expenditures in the province this year will be \$1,497 million, or a difference, an outflow from the province of \$1,324 million. Mr. Speaker, that is a hemorrhage of capital, which, in my view, clearly leads me to the conclusion that the industry is doing very well indeed and that what is attracting them in this province is the fact they can make money. With the new royalty schedule outlined today, with a 35 per cent supplementary royalty on 'new' oil, I suspect that is going to be all the incentive required and then some.

Another interesting thing we should note, Mr. Speaker, when we look at oil company expenditures in Alberta, is the fact that as their income goes up very rapidly, they don't seem to be spending it on exploration. In 1972, for example, they had a gross income of approximately \$1.8 billion and they spent \$167 million of that on exploration. This year, with an estimated income before the price increase of \$2.8 billion or an increase of \$1 billion, their exploration budget has gone up by only about \$50 million to an estimated \$220 million. In short, Mr. Speaker, about 5 cents on the dollar is being ploughed back into increased exploration.

Mr. Speaker, the argument that somehow the profits have to be high in order to tempt further exploration is, in my view at least, refuted by the facts in Alberta. Clearly the bulk of the increase in price is going into other things, and the other things appear to be that the multi-nationals are using Alberta as a source of capital formation to finance their development elsewhere in the world. And, of course, that is the way multi-nationals work. It would be highly surprising if that weren't the case.

Mr. Speaker, that's why I think Canadians are increasingly coming to the conclusion that if we are going to have the pace of development that's needed to open up new wells and new fields, the public is going to have to take a direct road through a company which is directly owned and operated by the people of Alberta.

Now, Mr. Speaker, I want to make several other quotes from the Mackenzie Report because there is the question of competition. I mentioned it before, but if one just stops for a moment and considers it, there really is virtually no competition. I quote from page 393 of the Mackenzie Report:

The price of crude itself appears to have a world wide pattern unrelated to variations in producing costs, and it appears certain from the findings of the Federal Trade Commission in its study of the "International Petroleum Cartel" that such prices are not determined by any Canadian production cost.

End of quote, page 393 of the Mackenzie Report.

Now, Mr. Speaker, just shortly before Christmas, Canadian Press carried a series of articles on the wholesale price of gasoline in Canada and they noted that the wholesale price in the province of Saskatchewan was less than the province of Alberta. I suspect

one of the reasons that may be the situation, Mr. Speaker, is because in Saskatchewan at least, we have the operation of the cooperative refinery. And while it is not a large refinery, I do believe it can at least inject some measure of competition. It is not controlled by the large, multi-national corporations.

Still another quote from the Mackenzie Report which I think is worth bringing to people's attention, Mr. Speaker, is found on page 624 of the report and it again deals with the monopolistic pricing practices of the oil industry. It says, and I quote:

We believe it is in the public interest of the citizens of Alberta and of Canada that their governments should have much more direct information about the oil industry than they presently appear to have.

The best possible way of developing factual information is, by direct participation in the industry and its decisions, and by competing actively with others in the business, as is done in the case of such corporations as Air Canada. Many other governments have seen fit to do so in the oil industry such as Britain and France who regard this activity as vital to their national interests.

Then later on in the report, Mr. Speaker, for those of you who have read it, one of the recommendations is that the government specifically get into the business of setting up an integrated oil company to inject some level of price competition.

Well, price competition may be fine and one would hope we can reach that objective as the Mackenzie Report points out. But to protect the consumer it's my submission that we have to go one step beyond that and bring the pricing of wholesale petroleum under the Public Utilities Board. Now this doesn't necessarily mean the price wouldn't go up. It would simply mean that in order to increase the wholesale price of petroleum, the oil companies would have to justify, with facts and figures, that their prices have gone up; they would, in fact, have to have the same test applied to them as is applied to Calgary Power or Alberta Power or any of the power companies when they want to obtain a rate increase.

I say this is necessary because we've heard a great deal in this Legislature about the reduction of the gasoline tax by 5 cents a gallon. There is clearly little doubt, Mr. Speaker, that with the announcement of \$6.50 a barrel price for oil, the wholesale price will go up. It will go up by at least 7 cents a barrel, but reading the newspaper reports this morning where Mr. Macdonald suggests it may go higher than that, we could, in fact, be looking at a 10 cent a barrel increase. Who is going to get this increase? Are we simply going to be foregoing as taxpayers what we save as consumers and this money simply picked up by the treasuries of the oil companies? They pay themselves more. They pay themselves a higher overhead rate, and then they pass on the increase to the consumer at the gas pump level.

Well, Mr. Speaker, that may eventually happen, but if they are going to do it, I believe that in Alberta they should have to justify it with facts and figures. This is what bringing the pricing of petroleum under the Public Utilities Board would do. It would force the industry to justify the price increases. Mr. Speaker, I believe that is a necessary move if the public interest is to be protected.

Other provinces have already moved in this area. I should just point out that the legislation I am speaking on today is modelled, at least in part, on the legislation passed during the December session of the Saskatchewan Legislature. The Province of British Columbia also has legislation in place respecting the price control of petroleum products. It's my understanding that Nova Scotia has also given consideration to this as well.

We've heard a great deal about provincial rights, Mr. Speaker, and about the control over our resources. Well, one of the things you have to do if you want to maintain provincial rights is to make sure that you have legislation in place which allows the appropriate provincial authorities to act. We got into a great dispute last fall over the export tax, but let's face facts. There was no provincial mechanism in place during the month of September which could have been used to deal with the problem that the federal government had to face, no mechanism at all. Mr. Speaker, if we're concerned about protecting provincial rights, one of our responsibilities is to make sure we have legislation in place which allows our authorities to deal ahead of federal intervention.

Clearly by bringing the pricing of petroleum products under the purview of the Public Utilities Board what we are saying in Alberta is that any selective price control over resources produced in this province is going to [be] within the jurisdiction of the province, and as far as the sale of petroleum is concerned in the borders of Alberta that that jurisdiction belongs in the Province of Alberta, and we have legislation in place which permits us to do it. I think that that's one lesson we can learn from the fiasco over the export tax.

As an aside, Mr. Speaker, I'd just like to point out to the members of this Assembly that as far as I'm concerned, when we're dealing with the price of petroleum in Canada, we, as the owners of the resource, have a very clear-cut right to get the maximum return. At the same time, when that oil goes into interprovincial trade, we have to recognize we're living in a federal state, so there is a duality of jurisdiction. Both the federal government and the province have a claim to jurisdiction. I think any policy has to recognize that duality of jurisdiction. Mr. Speaker, I said that during the debate on The Petroleum Marketing Act of last December. It's a position that I've taken all along. I think it's the only feasible position and it now appears, with the announcement today, that the government has at long last recognized that as well.

Mr. Speaker, the legislation I propose is not, by any means, a guarantee that prices are going to remain constant, but it is an effort to place some level of responsibility on the industry to justify their price increases, and in so doing to protect the consumer.

Just before I close, some might suggest that legislation of this nature is unconstitutional and could be thrown out. As far as I'm concerned, the purview of this legislation is with respect to petroleum sold within the borders of the province of Alberta. We have no right to meddle in interprovincial trade or to try to set prices for Saskatchewan or Manitoba or Ontario. That's not our business. But we do have a right to deal with petroleum sold within Alberta. But there is an interesting case, for those who are legal beagles. There is a:

British Columbia case of Home Oil Distributors Limited v. Attorney-General of British Columbia ... in 1940 ... in which it was held that a province could pass legislation fixing the wholesale and retail prices of fuel and gasoline.

Mr. Speaker, I would submit that that precedent, while not in itself the last word, does at least indicate that the province would have the power to move in this area.

In general summary, then, Mr. Speaker, the proposal is one which, as I see it, compliments the steps which have already been taken. We've introduced our Petroleum Marketing Board. We have taken away from the multi-national corporations the right to set the wellhead price. That price is now set as a result of negotiation between Alberta and the federal government. It has moved out of the private sector into the public sector. But, Mr. Speaker, it seems to me a logical extension of that argument that, once we have decided what the wellhead price will be, we should protect the consumer by also bringing under the public sector the ultimate control of the wholesale price to the gasoline retail operator. That, in my view, is the only way the public can be fully protected.

I maintain, Mr. Speaker, that Bill No. 203 is not a radically new or different proposal, but it is, in essence, a step which compliments the legislation on the marketing board we already have in place, and I would recommend its passage to the other members of this Assembly.

MR. SPEAKER:

I wonder if hon. members would like to consider whether the remaining time, at least the time for the discussion of non-government bills this afternoon, should be divided equally between the first bill and the second bill. Due to the circumstances of the afternoon, the first bill would have only three-quarters of an hour debating time devoted to it and the second one would get the full hour. If hon. members agree, I would propose to divide the time equally between the two bills.

HON. MEMBERS:

Agreed.

MR. LUDWIG:

Mr. Speaker, might I make the suggestion that even though it sounds like a fair division of time, any time lost by private members on their bills is not the result of anything that they did. Perhaps a much better solution would be to allow the hon. member who has his bill now to get his full hour. I would agree that if anybody still wished to debate the bill after I overwhelm them with my argument, we could use an extra 15 minutes tonight or something just so we don't lose ground. I don't think that hon. members ought to give up the time allotted to them under the rules in this manner, if I may.

MR. SPEAKER:

We wouldn't want to use the scarce time which is left to deal with a point of order at any great length, but perhaps we could, for the time being, divide the time as the House already agreed. Then if the hon. member wishes to deal with the matter further perhaps it could be discussed by the House leaders and I might be informed of the result.

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

MR. LUDWIG:

Mr. Speaker, I'm not going to take a definite stand on this bill, although I believe it doesn't set any precedent as far as price controls are concerned in this Legislature. I believe that there are times when the government simply must step in to prevent something being turned into a racket, something being turned to where someone is being gouged, or something is done that is unusual. Price controls may be necessary under those circumstances.

I'm also very concerned about the fact that if we get into the area of wholesale price controls, and we haven't got full control of an assured supply to the consumer, we may well be stepping into an area where the government might say that in the interests of the public you shall not go beyond a certain price or else. Some minister has stated that if you don't voluntarily roll the price back we're going to knock your head off. So they voluntarily rolled the price back. I don't want to use the word blackmail, but it was political coercion that the prices shall not go above a certain amount. There are instances, and things could develop at the present time, where industry can create artificial shortages, where the government has to step in and do something about it because the public is going to be hurt. And when I say that this is not setting any precedent, I'm referring to a bill passed in 1973, The Gas Utilities Amendment Act, that says:

Notwithstanding the terms of any contract, the Board upon the application of an interested party or a municipality or upon its motion may, and upon an order of the Lieutenant Governor in Council shall, fix and determine the just and reasonable price or prices to be paid for any gas used, consumed ...

et cetera.

Well, that is a clear case of government price fixing of a commodity that is a necessity to the consumer. And I don't want to take the position here that I am debating the merits of that decision. But the principle of price fixing, when it is deemed necessary by the government, has been established; it has been established by a government, and particularly through a minister who would never have thought that the day would come in such a short time that he would be moving such a bill, because they still like to proclaim that they are free enterprisers. But I believe that a principle once established by legislation and once put into effect, it is very hard for hon. members then to say, well this is an exception. Because the next logical thing to do, don't worry who gets hurt by the controls, after all, if you do it in this case, whether the company is big or small, the principle is the protection of the consumer.

So I believe that the hon. member who moved the bill deserves commendation because he brought this issue to the floor of the House and we can debate it. And when he stated that he modelled his bill on one that was proposed and enacted in Saskatchewan, I believe that he has ample precedent in this House to say that this has been done, and his concern about the prices charged for other petroleum products is timely.

I'm rather amused when we hear debates in this House stating well, we have reduced the price of gasoline, even though I believe that we prodded the minister long enough so that he had no choice because the facts were there, the need was there and the ability to do it was there. But when we do this and we feel that we might save an average driver \$25 a year, an average driver who buys 500 gallons of gasoline, and many people don't go that far - many of our senior citizens do not drive 500 gallons worth of gasoline a year. So we save the average driver \$25, and then we turn around and we have to pay 20 to 30 per cent more for a quart of oil almost immediately. And I find now that antifreeze is \$7 a gallon and going up. So that \$25 could be eaten up. That apparent saving to us by government action could be absorbed and taken up through the service stations selling petroleum products. It could be used up in a month in many instances, so the saving was hollow comfort. It was welcome, but let's not feel that we solved the problem by quoting the total figure that's going to be saved by 1,700,000 people. It might sound like it is a big amount, but individually it is a pittance and to many people it is nothing.

I feel one ought to put a word in for those people who are in the transport business. I mean trucks, small and big, diesel and gasoline and others if any. They have to compete with other modes of transport, with railways which are subsidized, and any price increases they have to pay for manufactured or processed petroleum products - they are complaining very bitterly now. But it's the consumer who isn't even aware of the fact, it is the consumer who pays - they pass this increased cost to the consumer and what we gain by way of announcements in this House will be lost or perhaps is lost by now. So the businessman, big or small, who is in the transport business, has already arranged - and if he hasn't he will very shortly - to pass on his additional costs to the consumer, and we all come in contact with having to pay for something that was transported in this province and elsewhere. So the question of how they are being hit by what they buy is important to us here. It is important so far as this bill is concerned, and as I say I feel this bill is timely if for nothing more than to get a good discussion because I'm



afraid if the government can't guarantee supply, we could end up being burned more than we would be with higher prices.

So I'm taking the position that we need to discuss this matter. We need to put the government, not on the defensive, but to place the burden squarely on the shoulders of the government to advise us whether this was just a politically expedient bill, Chapter 91 of the 1973 Statutes, The Gas Utilities Amendment Act, or whether this is a principle that they are going to follow. I can understand that propane costs to farmers and to people in rural areas are important, but so is milk and bread and beef to people in the cities. If we are going to subsidize one industry by legislation of this type - indirect subsidization - then let's go and do the right thing and treat everybody equally. Let's not just select a certain group of people who may have a certain number of votes, and a word to the wise was sufficient. Unless we do it elsewhere, then I will take no other position than that we were bought off on this bill by the fact that an organization can advise which way to mark your ballots in the next election. I suppose that is part of the way that democracy works though.

So when we talk about price controls, when we talk about what we have done when we look at wholesale prices of manufactured goods, refined petroleum products, then let's see how necessary these are for the continued well-being of our citizens. Let's take a stand and either subsidize these people who are being hurt by uncontrolled prices and not only in petroleum products but in food and the necessities of life, or let's roll back what we have done so that we don't blow hot and cold on the same principle as it suits our purpose.

So that is the position I'm taking, Mr. Speaker, and I believe that seeing that my honourable colleague from Spirit River-Fairview who supports this kind of legislation and who got elected advocating this kind of position, he should not be too criticized for what he's done. The criticism has to be aimed at those people who preach against it but when it is expedient will act that way. As I have stated, the hon. member who brought in the bill, stands for these principles.

I'd like to ask the hon. members opposite, and especially the Minister of Commerce and Industry, if the hon. Member for Spirit River-Fairview stands for this kind of legislation. My question is to the minister, what on earth does he stand for, because he supported similar legislation in the House, identical in principle, and there is just no way that you can separate the two except in a minor detail that one may be manufactured and one may be refined, but this deals with refined petroleum products. So let's stand up and declare where we stand.

I know that circumstances could alter the position we take sometimes, but on principle I don't see anything different in the bill proposed by the hon. Member for Spirit River-Fairview from Chapter 91 of the Statutes of Alberta, 1973.

So with those few remarks, Mr. Speaker, I hope that some of the hon. ministers are still trying to let the public know that they are private enterprisers, but their integrity is slipping rather sadly in that regard because even their friends who are in business are beginning to chuckle about this thing and can see through this. Let the hon. ministers stand up. I'd like to know what they will say about this bill.

Thank you, Mr. Speaker.

MR. MCCRAE:

Mr. Speaker, I'd like to offer a few comments on this Bill No. 203.

I'd like firstly to say that I am surprised that the Member for Calgary Mountain View has difficulty in committing himself to this bill. I think it was just yesterday, or the day before, when he moved a motion to do with the Budget Speech, he was decrying what he called the intrusion of this government into the sphere of private enterprise. And with the introduction that we have from the Member for Spirit River-Fairview explaining this bill as a selective price control bill, and also explaining his view that the whole oil industry should ultimately be governed as a public utility, I would have thought that the Member for Calgary Mountain View would most assuredly have no difficulty in deciding where he stood on it.

Mr. Speaker, I think to attempt to give any credence to this bill at all, one would have to presuppose that there had been instability of pricing at the refinery level and in the industry. I think the records adequately negate that. Over the past 20 years the price of oil refined products has risen very little and, in fact, the increases we have had, sir, have been occasioned by two things. One is government tax increases, and the second is crude oil price increases.

Presumably the governments like their selective increases in tax so we can't quarrel with that - at least not here today. With regard to price increases on crude, surely it is the wish of all members of this Assembly that the price of crude should go up, and as a

result the price of refined products will have to go up too. As I said, over the past 20 years I think the record has indicated clearly that the refinery operations of the refiners, be they multi-nationals or perhaps federated co-ops in Saskatchewan, their prices have been fairly constant.

The member, in introducing his bill, Mr. Speaker, referred to the high revenues of the oil and gas explorationists this past year or two and their lack of exploration spending. Mr. Speaker, if he is looking at the whole of western Canada I can suggest to him that the lack of exploration spending has, in large part, been due to the activities of the socialist governments on either side of us and the uncertainty in the industry as to what the future holds for them. It isn't a factor - their high prices, if that is what they have for revenues - is not a factor in their exploration.

AN HON. MEMBER:

That's the marketing bill.

MR. McCRAE:

One other point I would like to make, Mr. Speaker, is in reference to the claim that all oil and gas producers are making fantastic profits. It may be that some who have been successful in this high-risk area, have indeed pretty reasonable profits at this time, and this government is apparently taking measures to compensate for that by increasing the royalty. But there are hundreds - literally thousands - of companies who have got into this high-risk business who have yet to discover their first barrel of oil, who have yet to make their first dollar.

I wonder whether the Member for Spirit River-Fairview would intend that they should, too, be under a utility concept where they are guaranteed a rate of return on every dollar they spend in the industry regardless of whether they find any oil or not? Or does the utility concept approach just apply to those who may have been successful?

Mr. Speaker, to support this bill it would have to be assumed that it was in consumer interest. I maintain, Mr. Speaker, that it fails the consumer on at least two points. One is the security of supply, and the second is pricing. I have just discussed pricing a wee bit and we'll talk now about security of supply.

The bill has an inherent fault in that it doesn't provide for the inclusion or for a determination as to how the Lieutenant Governor in Council would order or advise the utility board to determine prices. As I read the bill and The Utilities Act, there is no provision at this point in time in this bill to provide a utility type concept to the refinery operations. In other words, there is no rate of return concept applied to the investment in the refinery. As I read it, it is strictly a political decision that might be made from time to time by the utility board as directed by the Lieutenant Governor in Council.

AN HON. MEMBER:

That's typical.

MR. McCRAE:

I think that interpretation is a correct one. If it is a correct one then certainly no owner of a refinery, or no person who is planning to expend moneys in the construction of a refinery, would go ahead with that expenditure. Surely not when the guidelines for determination of the return or the price you are to be allowed on a refined product are not set forward in the bill. I maintain, Mr. Speaker, if you read this bill and the utilities act, there is no provision for determining the basis on which the utility board would determine price. It would be strictly a political consideration that might be applied from time to time.

Mr. Speaker, I think we are all aware that over the past couple of years some of the major refineries or refiners have closed down some of their operations in cities in western Canada, such as Winnipeg, Regina and there is one refinery that may close down in Calgary very shortly. Now if these operations were under a utility type concept, presumably they wouldn't have been shut down. They would go on operating with their guaranteed rate of return and hang the consumer. Whatever the price is would be determined by how much it cost them to operate without regard to business practices or business efficiencies.

Now the facts are that these refiners have been shut down because they were not profitable. These two major refiners have headquartered their operations in Alberta and I think we should be very thankful that they have come here. I think that if we give them a sensible and decent business climate to operate under they will stay here, expand their operations and, indeed, Alberta will become the point for preparation or refining a

product for all of western Canada right down to the Lakehead. That will provide a lot of jobs for western Canada.

Mr. Speaker, refinery operations are not a monopoly situation. They are not an appropriate place for an utility concept. Anyone can go out and get into the refinery business, build the refinery and produce the product. I think that is evidenced by the fact that the Imperial refinery in Calgary may be closed down because of apparent unprofitability in the Imperial scheme of things. That refinery may, in fact, be taken over by a group of employees and one of the discount operators together. I ask you, Mr. Speaker, could they give consideration to taking over that refinery, maintaining it, keeping it going as a source of supply for the Calgary area, and maintaining their jobs? Could they keep that thing going if they were subjected to the uncertainties of an act like this?

I think the answer is pretty clear, Mr. Speaker, that no, it will be closed down. The jobs would be lost and the refining capacity would also be lost.

Mr. Speaker, the essence of this bill is control. I was reading one of the trade journals just a week or two back and I noticed that the price of a gallon of gasoline in Poland is \$1.70. Mr. Speaker, that's a controlled economy and I wish they would keep their controls to states overseas and not here in Canada. So much for a controlled economy.

We are fortunate, Mr. Speaker, in having the refinery concentration here in Alberta that we do have at the source of supply. I think we are also fortunate that the refiners have kept the prices so low over the years. We have been fortunate in attracting them here because of the good business climate we have, and as a result we not only have capacity to furnish supplies from all of western Canada to the Lakehead, but we also have all the jobs that go with the operation of the refinery.

Mr. Speaker, refinery operations are expensive operations. It takes hundreds of millions of dollars to build and operate a major refinery. I think the experience in the United States this past year or two should be a warning to us here. The shortage or near shortage down there last year was a direct result of there being an inadequate refining capacity. That again was attributable to the lack of political stability and the lack of confidence in the investment area down there. The refiners were just not sure what kind of price they might be allowed if they did build a refinery. I think we should take heed of that and leave the refinery operators to their own enterprises unless we have very clear and demonstrable evidence that prices are out of line. Mr. Speaker, we do not have that evidence at this time.

I also would like to remark, Mr. Speaker, on the efforts of the Minister of Industry and Commerce - who attracts so much attention from the Member for Calgary Mountain View - the very laudable efforts of the minister to attract industry here to western Canada. The IPSCO situation is an attempt to provide a basic industry that will attract other secondary industries, and also the political and economic climate here will do much to attract other industries. But I ask again, Mr. Speaker, if we bring in bills like No. 203 that are at best uncertain and at the worst will be just bad laws, how can we hope to attract secondary industry to this province? I don't think we can, Mr. Speaker.

If perchance one of the other directions of the bill was to control the wholesale price between the refiners and the sellers, be they discounters or lessee branded operators, I don't think this is the proper approach. This particular question, and I guess it is a problem with respect to particularly the automotive retail dealers, was dealt with in the Mackenzie report some years back and was rejected by the then government, the members sitting opposite us now, and was not dealt with, as not being the answer to the problems of the consumer or the ARA. The discounters, the Turbo operators, the Mohawk dealers at this time are providing a source of gasoline at the pump to the consuming public at a price substantially below the branded dealer operators. At a time of high inflation, of rapidly rising costs, surely it is in the interest of the consumer that this type of operation be continued.

As I say, I don't know whether the Member for Spirit River-Fairview intended that this type of differential between the price of the wholesaler to the branded lessee operator as compared with that of the discounter be reduced, but if that is one of the directions of the bill - and with the ambiguity as to the guidelines that the Lieutenant Governor in Council might use to determine the wholesale price to dealers, I think we could imagine that is one direction the member had in mind. I don't think, Mr. Speaker, that is in the best interests of the consuming public. I think it is imperative that we keep the discount operator in business as he provides a valuable service to the public.

Mr. Speaker, an area that one of the government task forces that was being derided recently by the members opposite, [it] made a study of the gasoline pricing area this summer and I would like to report that none of the members were paid for the time they spent on this, although it did take considerable time. But the committee did study the question of wholesale price between the refiner and the price to the various dealers.

There were considerable suggestions made by the different people that there was quite a disparity between the price to the branded lessee operator as compared to the discounters. The recommendations of the committee that studied this were not that a monopoly situation or a utility situation should be applied to the refining area, but that instead the Minister of Consumer Affairs and his staff should look at monitoring the prices to the various dealers and establishing whether or not there were in fact wide differentials, and if they found there were possible injustices, that they should bring the parties together and attempt, on a voluntary basis, to iron out any disparities.

Mr. Speaker, this question was discussed by way of a royal commission, or studied by way of a royal commission on price structure on gasoline and diesel fuel in Nova Scotia in 1968, in a rather brief report. I'd like to read from just one paragraph out of the report. The royal commission for Nova Scotia states:

For the reasons given above, the establishment of regulations setting a maximum pump price would not be desirable. It would be then necessary to establish the dealer tankwagon price, and the technical complexities of such a procedure are almost overwhelming. Indeed, the Board set tankwagon prices from 1946 to 1950 but the need for constant revisions and the extreme complexities arising in the determination of a fair price resulted in the Board withdrawing from this field.

Mr. Speaker, just to sum up I would say this bill fails the consumer on at least two levels. One is that if the bill were brought in, I feel confident there would be a shortage of supply in the years ahead because no one would come in. With the uncertainties that this bill would present the investor with, no one would come in and make the necessary investments in the refinery area that are necessary to the continued supply in western Canada.

On the price question, I submit, Mr. Speaker, the best evidence we have is that the refiners have, to this point in time, done a remarkable job in keeping prices stable, and that the increases we have seen have been the result of government taxes and crude oil prices.

So I submit, Mr. Speaker, that none of us should have difficulty in making up our minds on this bill that the Member for Calgary Mountain View had and we should reject it out of hand.

Thank you, Mr. Speaker.

MR. HARLE:

Mr. Speaker, what is the time allotment on this?

MR. SPEAKER:

It's 4:37. We have approximately two minutes left in this stage of the proceedings.

MR. LEE:

Mr. Speaker, before I beg leave to adjourn the debate, I'd just like to make a couple of remarks as perhaps a response to some of the statements that have been made on this subject.

In Bill No. 203, the basic intent of this bill, as I understand it, is to make gasoline a public utility. I'd like to respond just briefly to this concept of a public utility. To my way of thinking we would place something under the Public Utilities Board or as a public utility under one of two criteria, and the first of these is that the particular commodity or product is a basic necessity or a basic human requirement, one that individuals in the province could not do without. And the second requirement, to be placed under the public utilities, is that there's not an adequate competition within the market place, so the pressures of the market place do in fact determine price and perhaps it's sort of downward pressure on the price of gasoline.

It's my impression that this bill in fact then is not a response to these particular needs. To my way of thinking it is not a public utility kind of bill, it's one, as the Member for Calgary Foothills has described, that is brought under the guise of a public utility bill, and in fact is one of those steps to more and more control within our economy; one that's not warranted under the public utility kind of concept. Because as we see it now, gasoline, although it's utilized to a great extent by our population, is one that we cannot, by any scope of the imagination, term as a basic human necessity of life.

Now having said that, I want to make quite a few more extensive remarks about the other concept and that's regarding competition within the market place, the pressures of the market place and how we might relate this to Bill No. 203.

I'd like to leave that for the next time we debate this bill and beg leave to adjourn the debate, Mr. Speaker.

MR. SPEAKER:

May the hon. member adjourn the debate?

HON. MEMBERS:

Agreed.

Bill No. 204 An Act to Limit Smoking in Public Places

MR. LUDWIG:

Mr. Speaker, in moving second reading of Bill No. 204 I'd like to express at the outset that I do not believe I can tell the hon. members present very much they do not know about smoking from personal experience or from what they have read and heard in the last while. There is a tremendous amount of new medical information and well documented reports, including a fairly good section in the most recent LeDain Report which dealt with drugs, but gave tobacco a considerable amount of attention.

I also want to point out that the bill itself, Bill No. 204, is not perhaps the kind of bill that will satisfy everyone here as being the best bill that can be prepared under the circumstances.

SOME HON. MEMBERS:

Agreed.

MR. LUDWIG:

It is very difficult to get a bill that involves personalities or people themselves, individuals, to please everybody, and it was not my intention to introduce a bill that would be complete, detailed and all-encompassing.

My major purpose in introducing the bill is to bring the issue to the floor of the Legislature for a debate and hopefully, for a vote, and those hon. members who might feel that some sections in the bill are not just quite to their liking may well support it and amend it in committee where these things are done.

I am concerned about the principle of smoking in public places. I'm concerned about the well-being of those individuals who either don't like to smoke, don't like to tolerate smoke, or for maybe health reasons could not tolerate others smoking in their presence. I'm particularly concerned about many children, infants, whose parents either don't know the real hazards of smoking as they are understood and well-known to be now, and the children themselves, who in my opinion ought to be given adequate advice and instruction at an early age, so that - as I will quote from the LeDain Report later - they will know the ramifications of what they're doing before they're hooked on the tobacco habit.

I will also be quoting extensively from the LeDain Report because it is a recent report. It's a very widely accepted and widely publicized report and I believe it isn't the kind of report that too many hon. members will stand up and take issue with because of questioning the credibility of the statements made in the reports.

I would like to appeal to all the ladies in our province and elsewhere, that one thing that the LeDain Report states - and this might have more impact on their future smoking than anything else - is that it has a tendency to prematurely wrinkle their faces, Mr. Speaker. Now, if that doesn't alert some of the ladies to no smoking, then we'll have to use some more subtle and indirect approaches, but there's a way of winning most of them and this one is sort of just a hint. By the way, this remark is a quotation from the LeDain Report, of which I have photocopied the relevant pages.

I would also like to urge the two ministers of education that as much of the LeDain Report that deals with tobacco as they can locate - and there are a number of pages - ought to be available in every library. It is most convincing, it's most timely. I think that the weight of authority behind what they are saying is not likely to be beyond dispute.

Now, the reason I have mentioned, Mr. Speaker, that a lot of the hon. members know the ramifications of smoking, the hazards of smoking. Not too many of them would want their children to smoke. I would venture to say that if we knew many years ago what tobacco actually does to an individual's health, if many of us had to take our first cigarette

today - knowing what we know now - I believe that many smokers would very politely decline and would not become involved with the habit.

After these words of recommendation to the Minister of Education, the programs that they have in schools now that alert the children, the young children, to the hazards of smoking and the undesirable effects of smoking are very good. I believe they've had a good impact, but I think we should continue the pressure, continue providing material, programs - whether by way of film or by way of literature or speeches - to indicate that we know a lot more about the health hazard of tobacco and other hazards and to try to influence them to be opposed to this habit.

Mr. Speaker, I will then proceed to quote - and all the quotations I will be making, unless otherwise stated, are from the recent LeDain Report, a copy of which I have here. It is certainly an expensive bit of reporting, but I think it would pay off if we can prevent a number of our children, if not all of them, from smoking. I believe also that some of the hon. members, if they read the report, might be induced to follow up some of the medical journal reports, the medical association reports, and realize that this is not a matter to be treated lightly.

I have also had the opportunity of reading the book "Tobacco and Your Health - The Smoking Controversy". It's by the - oh, I beg your pardon, Mr. Speaker, it just slipped - it's by the Surgeon General of the United States. It's a well-known book.

MR. BUCKWELL:

Mr. Speaker, on a point of order. This Bill No. 204, the hon. member is debating who smokes and the bill says "where".

[Laughter]

MR. LUDWIG:

Mr. Speaker, I appreciate the comment, and a humorous one at that, but if there are no hazards to smoking, then what matters who smokes where? So I want to lay the groundwork.

Following that interruption, I would like to tell you, Mr. Speaker, about a letter I received from an hon. member out in the country. He gave me quite a bawling out for introducing this bill. He asked me whether I had anything better to do and he said that if a man wants to smoke himself to death, it's his privilege to do so. Then he went on to say: what's the difference whether you starve to death or whether you smoke yourself to death? He berated me about this bill, and then he said: P.S. I don't smoke or drink.

So, just to drive the point home, if I can't establish that smoking is a hazard and it affects other people adversely, then the rest of the bill would be quite meaningless. All I'd like to tell the hon. member is that if he lives on a ranch, this bill is in no way intended to restrict his smoking whenever he feels like it, except, as the hon. Member for Calgary Millican said, when he's in the hayloft, he ought to be careful.

So, to quote from the LeDain Report, the first statement I have here says: "In a relatively short time tobacco has become one of the most commonly used drugs in the world." I'm quoting this statement because this commission accepted the view that tobacco was a drug. Many people say no, but I subscribe to the view that, in light of what has been written about it, it is a drug.

Tobacco use spread rapidly to Europe and beyond, soon after communication and trade was established with the New World, and within a few centuries tobacco became popular in most parts of the world. The rapid assimilation of tobacco smoking by societies with no previous acceptance or common experience with the intentional inhalation of smoke has few parallels, and is possibly the most dramatic 'epidemic' spread of drug use in history.

Just to emphasize the fact that this is a drug, I quote further from the same report:

Today about 40% of Canadians over the age of 15 smoke tobacco regularly, and Canada is now fifth in world production of flue-cured tobacco. Tobacco is second only to wheat in agricultural exports. About 95% of the crop comes from Ontario in areas where it was originally grown by the Indians.

Now this in itself ought to get some hon. members out west to quit smoking. To quote further:

Restrictions on tobacco advertising have been implemented in parts of Canada and the United States. In 1971 an American government survey indicated that over one third of the general public favoured a complete ban on the sale of cigarettes.

I'm stressing this, Mr. Speaker, to show that there is rising public opinion - in the U.S. and to a great extent in Britain and in Canada - that those who do not smoke are beginning to assert themselves and want to be entitled to breathe air free from pollution, from smoking pollution in public places.

Quoting further from the LeDain Report on page 448:

The practice of smoking tobacco is responsible for a significant proportion of the property damage and loss of life resulting from urban and forest fires. This must be included in any overall consideration of the consequences and costs to society of this drug use.

Quoting from page 450 of the LeDain Report:

In spite of the fact that a cigarette or cigar may contain more than the lethal nicotine dose for children, few deaths have occurred following the ingestion of tobacco. This is presumably because gastric absorption of nicotine from tobacco is relatively slow, and a significant amount initially absorbed usually triggers vomiting, which removes the remaining tobacco from the stomach. Tobacco is one of the more common causes of poisoning among children.

Very few people know this.

According to the Federal Poison Control Program Statistics, toxic reactions attributed to tobacco products in Canada numbered 547 in 1969, 474 in 1970 and 478 in 1971. More than 90 per cent of these cases involved children under five years of age.

This is an interesting statistic: that children can be poisoned quite easily by swallowing tobacco or cigarettes if they are left around. Although none of these statistics show that death resulted, the statement does show that a child can be poisoned by swallowing tobacco. That almost 500 did so in one year is an indication that it is a hazard. I wonder how many people, how many parents are aware of this?

In dealing with the chronic effects of smoking, still quoting from the LeDain Report:

While the main acute poisoning effects of tobacco can be attributed almost exclusively to nicotine action, the chronic, long-term health consequences of tobacco consumption are also a function of the tars and many other irritants which are present in tobacco and tobacco smoke. For example, nicotine itself is probably not the causal factor in cancer.

MR. SPEAKER:

Order please. I would like to bring to the hon. member's attention that the point of order raised previously by the hon. Member for Macleod is indeed valid. The principle of the bill does not relate to who is smoking or how much they smoke, but rather where they smoke. Perhaps the hon. member might relate his remarks more directly to the principle of the bill.

MR. LUDWIG:

Yes, Mr. Speaker, but I wish to repeat that I want to establish that smoking is harmful, not only to the person who smokes, but to other people who are obliged to breathe in the smoke. I am submitting that this whole bill would have no support unless I can establish that smoking is hazardous to people and eventually to people who have to put up with other smokers. I am laying the groundwork for this, Mr. Speaker. I would like to submit that your ruling would amount to denying me laying the groundwork for my debate.

MR. SPEAKER:

The hon. member is certainly entitled to debate the extent to which smoking in a public place, or any of the other places enumerated in Section 1, might be harmful to those who inhale the second-hand smoke, but the debate has gone beyond that.

MR. LUDWIG:

Mr. Speaker, I will make a statement now that it has been well established in the LeDain Report, as I will quote later, that those people who are exposed to the breathing in, inhalation of smoke created by smokers, cigarette smoke, cigar smoke or pipe smoke - but in any case smoke created from smoking tobacco is harmful and could be as harmful to the people who are exposed to it through the smoking of others as it is to themselves. Therefore, smoking in public places, Mr. Speaker, where children and people are obliged to go, is hazardous to them. I want to emphasize by quoting further from the LeDain Report as to how great this hazard is, and that we all ought to be alerted and to be aware of the fact that smoking in public places is a hazard to others as has been proven beyond any

doubt to most people, to most hon. members here, to most people in the medical profession and to many children, to many parents.

Therefore, Mr. Speaker, I wish to emphasize and urge the hon. members to action by advising them, through the findings of the LeDain Report, that I wish to quote as to how bad, in fact, it is. Perhaps I can stir the hon. members to action, Mr. Speaker, so I will now proceed to state that those who smoke have perhaps the privilege of undermining their own health.

The question now arises, in public places have they the right to perhaps pollute the air and undermine the health of those who do not wish to smoke or do not wish to be exposed to smoke? So, Mr. Speaker, laying that groundwork, I wish to proceed to state that the chronic effects of smoking as reported by the LeDain Report are quite deadly, as I will read, and for that reason we need to establish that smoking in public places is wrong and ought to be opposed by all those who prefer to breathe fresh air.

Mr. Speaker, in continuing, it says:

... Cigarette smoke contains a number of carcinogenic substances including phenols, acids, ...

MR. GHITTER:

Point of order.

MR. LUDWIG:

... aldehydes, and ketones, ...

MR. GHITTER:

Point of order. Mr. Speaker, with the greatest respect. We can all read the LeDain Report if we want and some of us have. I'm getting tired of sitting here listening to him read from a report. I think that is clearly against the rules. I'd rather hear his viewpoints, not the LeDain Commission.

SOME HON. MEMBERS:

Agreed.

MR. LUDWIG:

Mr. Speaker, the hon. member is paid to listen to others and if he is getting tired he can get out of here. He's been absent before. Nothing is stopping him, Mr. Speaker. I think that was a nasty interruption and he ought to listen because he smokes himself. He looks wrinkled like an old prune at his young age, Mr. Speaker.

MR. GHITTER:

Mr. Speaker, I'm wondering if the hon. member drives a car and pollutes our atmosphere that way. He certainly does it in this room by other means.

MR. LUDWIG:

Mr. Speaker, I drive a car but ...

MR. SPEAKER:

The degree to which an hon. member may quote and read is limited. There has to be a practical limit. There is no way of drawing an exact line, but it is certainly clear that an hon. member may not take a report and make it into his speech. His speech should be his own ideas. If he wishes to adapt them from the report he is entitled to do so. I would ask the hon. member to minimize his reading from the report.

MR. LUDWIG:

Mr. Speaker, I do drive a car, but I don't stick the hose from the exhaust pipe in the hon. member's face. And he doesn't have to run behind my car to swallow the exhaust. But when I sit beside him in the airplane, I have to swallow the smoke or breathe in the smoke that he emits from his cigar or his cigarette, and therein lies the difference, Mr. Speaker.

AN HON. MEMBER:

You can walk.



MR. LUDWIG:

As far as the LeDain Report is concerned, Mr. Speaker, I accept all that I am quoting as part of my argument in support of my bill because I've read it and perused it and I agree with it. So in order to have this thing in some logical sequence and to get on record with what I believe ought to be said in this House, I wish to continue to quote. I'm rather amused at some hon. members who are perturbed when I read something, but they can turn a blind eye to when one of them reads something. I believe, as I've stated, that the hon. members are paid not only to talk, but sometimes to listen, and they have the privilege of being absent. So, Mr. Speaker, I haven't got all that much time and a couple more interruptions and I'll be ...

[Mr. Ghitter left the Assembly.]

... Mr. Speaker, nothing makes me feel better than being able to smoke the hon. member out of this House.

[Laughter]

AN HON. MEMBER:

Your time's up, Albert.

MR. KOZIAK:

Have you anything else to read?

MR. LUDWIG:

"According to the 1971 report of the Royal College of Physicians of London, cigarette smokers are about twice as likely to die in middle-age as non-smokers." Mr. Speaker. This is an interesting observation and from a very reputable source.

Those who quite smoking run a steadily diminishing risk of dying from its effects. The diseases to which smokers are most vulnerable are not only often fatal, but can otherwise cause illness and disability and decrease the smoker's chances of enjoying a healthy retirement.

I'm saying, Mr. Speaker, in the public interest and in the interest of those great number of people and organizations and church organizations that want this issue raised here, I'm urging the hon. members not to be technical about what I quote because it has never been ruled in this House that you can't quote authority in support of your bill.

[Mr. Farran entered the Assembly.]

I ought to say that the hon. minister who is just coming in is just about the best walking example of support for my bill. He's got a hack cough and if I was his boss, I'd order him an ambulance, Mr. Speaker.

AN HON. MEMBER:

You are his boss.

MR. LUDWIG:

I am his boss. After all the Legislature is supreme, Mr. Speaker, and I'm one of the members.

MR. FARRAN:

Would the hon. member permit a question please, Mr. Speaker? Did you bring your halo with you today?

MR. SPEAKER:

The hon. minister ... [Inaudible] ... and his inquiries on the subject of sanctity.

MR. LUDWIG:

Mr. Speaker, I thank the hon. minister for at least implying that I've got one. I think he's lost his long ago.

DR. PAPROSKI:

Mr. Speaker, would the hon. member permit a question? Mr. Speaker, has the hon. member quoted one item thus far from the LeDain Commission that indicates that this hazard is due to second-hand smoking?

MR. LUDWIG:

Mr. Speaker, I'm getting to that.

[Interjections]

It's my bill, Mr. Speaker, and I'd like to debate it the way I want to. The hon. members can respond and if they have any concern about what people and children have to put up with, they will continue this bill and perhaps pass it and debate it in committee. But if they want to run interference through this matter, they are not in any way affecting me adversely because the people want to know and they have indicated in no uncertain terms that they want to know what the stand of this Legislature is on this issue. I got the message and I believe a lot of them have. The correspondence, the representations and telephone calls I have got indicate that this is of high level interest and I'm surprised that some hon. members would like to stall this debate by any chintzy means available to them, and particularly on points of order and questions which they can raise at other times if they wish to.

What they are indicating is that they would like to see this bill talked out and forgotten. I can assure you it will not be because this issue will be - it may be talked out but it will not be forgotten because there is a tremendous public demand for clarifying this issue. It is my intention - and I'm prepared to publicize this as much as possible. In the meantime if I can tell some of the public that the Conservatives thumb their noses at this issue, I'd be fully justified in saying it, Mr. Speaker, for that's what they are doing. They are treating it as a joke and some of them who have children perhaps have not got enough intelligence and knowledge not to force their children to smoke, Mr. Speaker.

How much time have I got, Mr. Speaker?

I'm going to mention one more item that is presently being dealt with in Britain. They are resorting to shock tactics to emphasize to parents and children about the hazards of smoking to children. Those of you who get this magazine, The Journal, which is a publication dealing with addiction and it's published in Toronto, the Minister of Health has circulated a poster showing a two-year old child smoking a cigarette. It's a shock kind of impact but it drew a lot of attention. The article under the poster states, "Smoking Parent Bad Example for Children, Poster Warns." This is treated as something serious. It's treated as an urgent matter. They've debated this in Parliament in Britain. In America there is one of the greatest movements I believe that any issue has ever engendered, and that is not an anti-smoking campaign, but a campaign for the limitation of smoking in public places, Mr. Speaker.

The bill does set out areas that I selected as areas to which the public would like to be able to go without having to inhale smoke produced by others. Some of these areas are now restricted. This is nothing new.

This bill is not intended to in any way convert or affect anyone who wants to smoke. This bill is an effort to bring attention to the issue that people who don't smoke are asserting themselves, and have the right to assert themselves to be able to breathe fresh air, clean air, in those places where they are obliged to go. We don't smoke in churches. We don't smoke in court houses. We don't smoke in this building when the Legislature sits, Mr. Speaker. But when we resolve ourselves into committee, in the same building, the same people, the same business, we smoke. I don't think that is entirely an intelligent decision, and at least those members who do not smoke ought to resist it. There is no difference between sitting in the Legislature as an Assembly and sitting in the Legislature as a committee, and then smoking in one and not the other. I believe even in this building, if we must smoke, we can maybe mark out or segregate those who wish to smoke in one particular area.

But I have stated I don't want anybody to feel that I am in any way interested in trying to convert a person who wishes to smoke. I am stating quite emphatically that I stand with the majority of the people of this province. And I can say I went to 300 homes, and 80 per cent of them favour what I am doing, Mr. Speaker. That is an indication that the hon. members here better not snicker at the bill, but they better show they have a bit of responsibility and treat this issue responsibly. I am disappointed that I had to lose some time by interruptions, and I believe that the hon. members perhaps - I still believe a lot of them will support the bill because they feel it is a sensible step and it is a necessary step. If anything, we should set a good example to the children in our schools and see that they are not encouraged by our examples, by permitting advertising such as Rothman's advertising the theatre ...

MR. SPEAKER:

Order please.

Clearly this bill is not aimed at tobacco advertising.

MR. LUDWIG:

Mr. Speaker, I'm not going to debate this matter with you. Because the very rules that don't allow me to debate with you, Mr. Speaker, do not allow you to debate with me, Mr. Speaker. So I have to be fair in that regard.

But I fail to agree with the stipulation that if I am talking about the hazards of smoking, I am not talking in support of this bill, Mr. Speaker.

I wish to point out that the public demand for this bill has been indicated, and I urge all hon. members to support it. I will state very frankly, Mr. Speaker, that the remarks I could make in this House, I will take the liberty of making them outside the House. But I will get my message across and I will certainly challenge the hon. members that if they can't support it, at least stand up and be counted, Mr. Speaker.

MR. SPEAKER:

The hon. Member for Sedgewick-Coronation followed by the hon. Member for Edmonton Kingsway.

MR. SORENSON:

Thank you, Mr. Speaker.

On every desk in this Assembly we have this little item, an ashtray. And I imagine that in 99 per cent of the homes in Alberta they have an ashtray. In many of these homes they do not smoke but they have it there for protection. They don't like to have burn marks in their broadloom or on their chesterfields and so on. However, that's very insignificant to the burn marks that are made on the addict's lungs.

I want to commend the hon. member for introducing this bill.

AN HON. MEMBER:

Hallelujah!

MR. SORENSON:

It took a lot of courage, a lot of concern and a lot of consideration ...

AN HON. MEMBER:

Agreed.

MR. SORENSON:

... to introduce it. I like to think that I am speaking on the bill in self-defence out of a feeling of self-preservation. I intend to speak out on behalf of those of us who enjoy fresh air.

AN HON. MEMBER:

Hear, hear.

MR. SORENSON:

I see the bill accomplishing a number of things. Number one, to publicize the rights of the non-smoker and to turn public opinion against the social acceptability of smoking. And two, giving evidence that the non-smoker's health may be damaged by breathing someone else's tobacco smoke. For instance, it causes eye irritations, nasal symptoms, coughing and headaches.

AN HON. MEMBER:

How do you know? You've never smoked.

MR. SORENSON:

What kind of a product are we dealing with? I remember, Mr. Speaker, many years ago visiting an orchard in the United States with a group of tourists and the owner of this

particular orchard mentioned there were 2,000 apple trees in this one plot. Each tree was loaded with beautiful apples, and each apple was a specimen. The owner said it hadn't always been this way, but recently he had started spraying with Black Leaf 40, and he mentioned the main ingredient of Black Leaf 40 was nicotine.

Like the hon. member said, nicotine is used in many poisons. So maybe that's the answer to people who say, why did God ever make the tobacco plant? Well, he made it to make good orchards and to kill bugs, and so on.

I think the government should ban smoking in certain public places. The right to gulp tobacco fumes doesn't include a right to befoul air breathed by others.

A medical doctor in Allentown, Pennsylvania, very recently wrote the Journal of the American Medical Association with the following inquiry: "Is there evidence to support recent claims that a nonsmoker with an all-day exposure to a smoke-filled room inhales as much smoke as though he himself had smoked a pack of cigarettes?"

Mr. Speaker, I would like to quote the answer from the medical journal. The answer is supplied by Donald Dukelow, medical doctor from the Department of Health Education in Chicago:

Your concern about the hazard of exposure to a smoke-filled room is supported by studies done by Harmsen and Effenberger ... . They demonstrated that smoking several cigarettes in a closed room soon makes the concentration of nicotine and dust particles so high that the nonsmoker inhales as much harmful tobacco by-products as a smoker inhales from four or five cigarettes.

Another study by Scasselatti reported in the Medical Tribune of December 4, 1967,

... that smoke from an idling cigarette contains almost twice the tar and nicotine of smoke inhaled while puffing on a cigarette. On the average, smoke inhaled while puffing on a cigarette contains 11.8 mg of tar and 0.8 mg of nicotine, as compared to 22.1 mg of tar and 1.4 mg of nicotine from idling smoke. Thus, smoke from an idling cigarette may be twice as toxic as smoke inhaled by the smoker. ...

AN HON. MEMBER:

Keep puffing.

MR. SORENSON:

... Although the concentration of harmful substances inhaled by the nonsmoker is less than the concentration inhaled by the smoker, the nonsmoker's exposure will be for a greater period of time."

This same study

... indicated that smoking in an airplane "will obviously constitute something of a menace to a nonsmoking passenger." It seems obvious that in the confines of an airplane, where a nonsmoker may be required to sit next to one or between two smokers, and where the air circulation is typically poor, the nonsmoker will be subjected to a significant health hazard from a smoker.

I remember hearing a stewardess tell this story. There was a little old lady sitting beside a gentleman on the airplane and he was smoking a cigar. It takes some time, of course, to smoke a cigar. But she requested of him that he put the cigar out. And he said, no, I have a right to smoke and I enjoy a cigar and I am going to smoke it. After a bit, she leaned over toward him, over his lap, and she said, I'm sick to the stomach and I'm going to upchuck. And that cigar went out quicker than you could say Jack Robinson.

I will continue to quote from the doctor's answer to Dr. Barrett.

An editorial some years ago (Science, 1967) concerned the pollution of air by cigarette smoke. In a poorly ventilated, smoke-filled room, concentrations of carbon monoxide can easily reach several hundred parts per million, thus exposing present smokers and nonsmokers to a toxic hazard. Two other components of cigarette smoke are nitrogen dioxide and hydrogen cyanide. The former is an acutely irritating gas and occurs in cigarette smoke in concentrations of 160 times that considered dangerous on extended exposure.

Cameron provided the first presumptive evidence on cigarette smoke as a household air pollutant. He and his associates found that smokers' children are ill more frequently than non-smokers' children, usually because of respiratory disease,

And Luquette, writing in Science Health, concluded that,

(1) cigarette smoke which is allowed to accumulate in a poorly ventilated enclosure significantly increases the non-smoking elementary school age children's heart rate, and systolic and diastolic blood pressure, [and] (2) the smoking environment's effect upon the children in the environment is similar to the cigarette smoke's effect on the smoker on a reduced scale.... The principle factor which gives significance to the smoking environment study comes from the Surgeon General's 1964 Report. This study reported that higher death rates occur primarily in smokers who have had the habit over a long period of time. Maybe the harmful effects of the smoking habit start with the exposure of the child in his home environment and not when he initiates the habit.

It is becoming increasingly apparent that the non-smoker who must be present in the traditional "smoke-filled room" characteristic of many conferences and social gatherings has an exposure to tobacco by-products quite similar to the exposure of the smoker. There is some evidence that this "smoking environment" extends even into the home where children may have a sufficient exposure to influence their cardiovascular system and add years of exposure to their smoking history, even before they actually smoke themselves.

I'll file this question and answer.

MR. DIACHUK:

Mr. Speaker, will the hon. member permit a question?

MR. SORENSON:

Perhaps, when I get through, and perhaps if the hon. member would like to write his question we'll save time.

MR. DIXON:

Put it on the Order Paper.

MR. SORENSON:

But I think we simply must become more vocal, Mr. Speaker, in speaking out against smoking. We need to throw away our ashtrays and simply tell guests when we arrive in our home that cigars and cigarettes and pipes are not welcome in our home ...

AN HON. MEMBER:

Don't say whisky.

MR. SORENSON:

Outside the home we need to tell smokers when this smoke causes discomfort. The smokers' usual argument will be that they have a right to smoke, but I think the non-smokers have a right to breath something other than befouled air. The only safe cigarette is the unlit cigarette.

I see many people, and I think especially of one couple. He sits in front of the TV and smokes and she sits in front of the TV and fumes. What a life.

MR. DIXON:

What are they watching, Gunsmoke?

MR. SORENSON:

A minister spoke out in the church one day about smoking, and when the people were filing out that day the one person said, I didn't appreciate what you said about smoking. Are you telling me, parson, that I may go down? No, he said, I'm not saying that. But I say that it smells like you've been there.

I think if a person must smoke, I don't think he should smoke in the presence of children or his non-smoking companion or a friend. Go out in the open spaces and contaminate and pollute the atmosphere.

AN HON. MEMBER:

Not in my field.

MR. SORENSON:

When in the presence of a non-smoker, show enough respect for that person and refrain from firing up.

Mr. Speaker, I have a man in my constituency and we call him Poet Tom. I wrote to him the other day and he sent me a letter and he said, "The first two verses my dad wrote nearly 60 years ago, so I thought they were fitting and I added another three verses to express what I thought you had in mind."

Tobacco is a sticking weed  
It makes a man a fool indeed  
It wastes your money, burns your clothes,  
And makes a chimney of your nose.

It spoils your health without a question,  
And likewise causes indigestion,  
Some smoke, some chew and others snuff  
The beastly, rotten, smelly stuff.

The doctors tell you nicotine  
Will turn your lungs and liver green,  
But if you want to die that way,  
Our constitution says O.K.

But what about the rest of us  
When riding on a crowded bus?  
We have no choice, you understand,  
We breathe the foul stuff second-hand.

To this injustice we object,  
And we submit with due respect,  
We feel our cause is just and fair,  
We claim the right to breathe clean air.

[Applause]

I think I'll stop there, Mr. Speaker, and I'm not stopping because I have to go out for a smoke.

MR. DIACHUK:

Mr. Speaker, if the hon. member will permit a question. In his presentation and in his research, is the chewing of a tobacco product as harmful to the rest of the public as the smoking of a tobacco product?

MR. SORENSON:

Mr. Speaker, I remember attending a country school ...

AN HON. MEMBER:

It depends where they spit.

MR. SORENSON:

... I remember one boy gave a girl a little bit of snuff. Of course, she had no place to spit in the school. Finally, she thought she better get out of there and she couldn't walk a straight line. I remember her just going from one side to the other. I think it is quite harmful. Yes.

DR. PAPFOSKI:

Mr. Speaker, to speak on this bill, Bill No. 204, An Act to Limit Smoking in Public Places, I'd like from the outset to commend the hon. member opposite for bringing to the attention of this Legislative Assembly a forum regarding this important item.

At the same time, Mr. Speaker, I'd like to be critical of him for not allowing questions freely, because he was not clear whether he was in fact quoting from LeDain regarding the exposure to other smokers' smoke. I assume he was not, and if he was, I would like to be corrected forthwith.

MR. LUDWIG:

Mr. Speaker, on a point of order, I did not refuse to answer any question. I am always willing to do so and I can even fill the hon. member in after the session is over if he wants.

DR. PAPROSKI:

Mr. Speaker, he did not answer my question whether he was actually quoting regarding that, but I will assume he was not quoting regarding the exposure of other people to other smokers.

Mr. Speaker, the other concern I would have is that he, in this bill - which again is commendable because it focuses on a health hazard and I think all members of the Assembly are certainly concerned about that - his concern about smokers and smokers in public places. The question I would ask quickly is, why not smokers anywhere, everywhere and all smokers? But I think this is certainly a major consideration, being a health hazard as it is well documented in many circles.

The other statement I would like to make from the outset, Mr. Speaker, is that generally the hazard to others who are exposed to smokers' smoke, in spite of those statements and quotations made by the other member opposite, is minimal if you read other studies, compared to other atmospheric pollutants. But the influence - and I repeat the influence - on the public from other smokers who may in turn take up the habit is indeed substantial and I suggest to members here who are smoking, and there are a few, had this influence on them some years ago, and it is difficult to break the habit once they start.

So, therefore, Mr. Speaker, this bill has indeed merit, mainly on the point of the influence it has on the people in public places, and especially our youth being more influenced than adults or more mature people. The fact that it focuses on the health hazard is another very worth-while aspect. And to suggest, Mr. Speaker, that in a room, a smoke-filled room, where the pollutant from smoking is certainly of high concentration if you stayed there for eight hours and had many smokers - it is difficult for me to imagine anybody staying in one place for eight hours in a smoke-filled room, for any length of time other than maybe once in a blue moon.

Mr. Speaker, some background information which has been mentioned already, that smoking was introduced to this country in the sixteenth century and it came via pipe smoking and it became very popular, of course, and the scientific evidence, of course, has validated, unequivocally, that the ill effects upon health from smoking are substantive. We know now that, in fact, some 50 per cent of the population is smoking; it is stated that three-quarters of the men and one-half of the women are smokers. And being a causative factor of the many ills, Mr. Speaker, is in itself a very important item because, as I mentioned from the outset, the influence that smoking in public has to bring people to smoke is the essential item that I can see in the value of this bill.

We know, for example, that lung cancer is ten times more frequent in people who smoke moderately and twenty times more frequent in people who smoke heavily. We know that chronic bronchitis and emphysema and the other associated problems with that - it is a very common factor, and as a matter of fact these are probably caused by smoking more commonly than by any other factor. We know that coronary health disease, a very common cause of death in epidemic proportion in North America, is ten times more frequently caused by smoking, and also we can go on and say cancer of the mouth, the larynx, and so forth. Women have smaller babies if they smoke, and ulcers of the stomach and duodenum heal much more slowly if they smoke. And there are many, many other factors.

So, Mr. Speaker, it is substantive evidence, scientific evidence, it is medical evidence and there is no doubt about the health hazards. Most people do in fact know some of this.

The summary is that the total death rate, Mr. Speaker, from smoking is 70 per cent higher in smokers than in non-smokers.

So, Mr. Speaker, despite the benefits that may be derived from smoking and these are psychological, those who are smoking would say, of course, that they are important to them, they are minimal compared to the hazards that we see in smoking. And I have no doubt that the strong dependancy and habituation associated with smoking is a difficult thing to break. If anybody here who is smoking doubts that, just try to stop smoking.

Mr. Speaker, the essential thing in this bill that I see, and I would like to support is that it offers some degree of prevention - a preventive measure - to this hazard that I have spoken about and other members have mentioned already. However, it is disappointing to me because it considers only one measure. It is a shame that in general, Mr. Speaker, the hon. member did not consider and take a little bit of time to do just a little bit of research and say, why not add a few other items that may be of benefit to the public from the outset. Why not consider, for example, the use of efficient filters.

Why not advocate doing a public relation program - a wide-ranging, across the board, ongoing educational program - early so that all youth, and the population generally, will know the hazards of smoking.

Mr. Speaker, when I speak of an educational program I don't mean a once in a while shot on television, radio, media or in the classroom. I mean an ongoing blitz type of campaign. This type of campaign should not only consider a hazard such as smoking, but all health hazards such as venereal disease, drugs, alcohol and what have you. I think it's about time that we in Alberta and Canada certainly should take this to heart, and I would suggest to the minister that maybe he consider this in the next budget if not in this budget.

Mr. Speaker, the other item, of course, that the hon. member could have considered and should have considered, although he did mention it, is the restriction on advertising of tobacco. I suggest that it is not only restriction but it should be total elimination. I don't think any member here who knows the hazards of smoking would resist that, except if he has stocks in the cigarette market or else is a grower of tobacco himself.

Mr. Speaker, the other thing the hon. member could have considered is an increase of provincial tax on cigarettes. The other item that the hon. member could have mentioned and should have mentioned is the labelling - not the way it's labelled now that cigarette smoking is a hazard - but make it so blatantly obvious that one would be embarrassed to carry it around.

Mr. Speaker, another item, may I suggest, the hon. member did not mention is the setting up of possibly anti-smoking centres. I wouldn't want to convey this to the community health and social service centres, but certainly anti-smoking centres, Mr. Speaker, would help resolve the difficult problem. I suggest members who are non-smokers don't appreciate this and don't consider this as serious. But for those who are smoking, certainly it is a difficult habituation and I, frankly, Mr. Speaker, have no hesitation in saying that it's an addiction.

So, Mr. Speaker, these are the considerations the hon. member has missed, and his wider restriction of smoking in public places, although it is a good item and I have difficulty in not supporting it, is obviously only one of the many items that should have been considered.

Mr. Speaker, a bill such as this is only a beginning and certainly warrants government attention as I have stated before, but a consideration of government activity not only via the hazard of smoking but the many, many other hazards. Again, I repeat, one very commonly ignored one is venereal disease, alcohol and drugs.

Mr. Speaker ...

MR. LUDWIG:

Mr. Speaker, I would like to get up on a point of order that the hon. member has stated on several occasions. He is creating a most false impression that there are many things I didn't state. Of course, I didn't, Mr. Speaker, with the cooperation of the hon. Mr. Speaker and the hon. members, I didn't finish my speech.

MR. SPEAKER:

Order. The hon. member is clearly debating. It is not a point of order.

MR. LUDWIG:

Mr. Speaker, the rules authorize an hon. member to stand up in the House and correct a statement that misleads the House as to what he said or what he didn't say. I am stating on a point of order, Mr. Speaker, that the hon. member went at length ...

AN HON. MEMBER:

Adjourn the debate.

DR. PAPROSKI:

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

MR. LUDWIG:

... stating what I didn't say.

I'm on a point of order and he can't stop me now, Mr. Speaker. There is no point of order on a point of order.



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When an hon. member misleads the House as to what the hon. member said or didn't say, it's my privilege to explain the situation. He read off six or seven things that I didn't say. I was prohibited from quoting my speech and giving my speech, Mr. Speaker, and you know it as well as anybody else.

MR. SPEAKER:

Order please. Would the hon. member continue the debate.

DR. PAPROSKI:

Thank you, Mr. Speaker. If I may just carry carry on. The hon. member is obviously upset for no reason because I mention those items only because he did not include them in the bill. I didn't say he didn't say them. However, in either case, Mr. Speaker, I beg leave to adjourn debate.

MR. SPEAKER:

May the hon. member adjourn the debate?

HON. MEMBERS:

Agreed.

MR. SPEAKER:

The House stands adjourned until 8:00 o'clock this evening.

[Mr. Speaker left the Chair at 5:30 o'clock.]

