

LEGISLATIVE ASSEMBLY OF ALBERTA

Tuesday Evening, May 28, 1974

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

GOVERNMENT BILLS AND ORDERS  
(Third Reading)

Bill No. 13 The Assessment Appeal Board Amendment Act, 1974

MR. HYNDMAN:

Mr. Speaker, I move that Bill No. 13 be not now read a third time but be referred to the Committee of the Whole Assembly. I make this motion for the purpose of recommitting the bill to the committee in respect to the amendment dated May 10, which was circulated to hon. members on that date, a short amendment to Section 3 of that bill.

So the purpose of this motion is simply to back it up into committee and we'll take it up maybe later on this evening or tomorrow.

[The motion was carried.]

MR. HYNDMAN:

Mr. Speaker, I move you do now leave the Chair and the Assembly resolve itself into Committee of the Whole to study certain bills on the Order Paper.

[Mr. Speaker left the Chair.]

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COMMITTEE OF THE WHOLE

[Mr. Appleby in the Chair]

MR. DEPUTY CHAIRMAN:

The committee will now come to order. We have for consideration Bill No. 10, The Fuel Oil Tax Amendment Act, 1974.

Bill No. 10 The Fuel Oil Tax Amendment Act, 1974

MR. RUSTE:

Mr. Chairman, just before we signed off for the afternoon I believe the Provincial Treasurer was referring to some of the matters relating to the reason for the amendment and the changes, and I just wanted to bring to his attention that I think the hon. Member for Calgary Mountain View referred to the gasoline tax reduction.

I think there is another one that enters the picture too as far as the rural population goes, and that is the reduction in the fuel costs. As we have seen, there was a back up of 5 cents a gallon, true enough, but those of us who are purchasing fuel are

now finding that it has increased substantially over and above the 5 cent back up on that part.

I would submit to the Provincial Treasurer that he was referring to the government's actions in getting more revenue for the people of Alberta. I think you can attribute a lot of that to the windfall relating back to the situation in the Arab countries when the international price of oil rose substantially. Certainly I don't think he can take too much credit for that part any more than the Minister of Agriculture can take credit for the price of wheat going up to four and a half dollars a bushel this year or somewhere in that area. Of course it has dropped back again now, so that certainly ...

MR. FOSTER:

Speak up Ruste, we can't hear you.

MR. RUSTE:

You can't hear me?

AN HON. MEMBER:

I don't want to hear you.

MR. RUSTE:

Oh, he just wants a playback of that. Well, I'll be happy to accede to that.

I was just pointing out, Mr. Chairman, that I don't think the Provincial Treasurer can take credit for the Arab oil situation when the international price of oil went up any more than the Deputy Premier, the Minister of Agriculture, can take credit for the price of wheat going up to four and a half dollars a bushel. But with that - did you hear me this time?

[Interjections]

I submit, Mr. Chairman, that certainly the Provincial Treasurer should look seriously at still moving this much more than the five cents. I'm looking especially from the agricultural end of it.

MR. HINMAN:

Before we pass this bill, I'd just like to put it in its true light. It's strictly a political bill. I don't suppose anybody on this side is going to object to it because it's hard to go out and talk against such a bill. But all we are doing in this bill is passing on to tourists, to truck firms, to three-car families, to Greyhound and to people like that, a considerable rebate at considerable expense and considerable trouble. Well, Mr. Chairman ...

AN HON. MEMBER:

Talk to Albert.

MR. HINMAN:

It's one of the rights that Albert and I have agreed on.

Well, Mr. Chairman, if you're ready for a little bit more, this bill simply enables us to say with pride that Alberta has the cheapest gas in Canada. We could apply that to a lot of other products if you simply want to do it. I would call to your attention that what I'm saying is right. This is taking away from all the people a considerable amount of revenue - particularly from tourists, where it could amount to \$3 million or \$4 million - and giving it to a select group of people, those who use the most gasoline, who invariably are people making money out of gasoline or people who can afford to drive the most.

I'm not going to object to it any more strenuously. I know it's decided, but I just wanted to put it in its true light. It's one of the things we shouldn't be doing. If we want to keep this tax, it has the other advantage of discouraging waste of a resource which certainly needs to be conserved. The more we drive foolishly - I stood out on the steps tonight and counted 28 cars with only one person in each before one came past with two persons in it. When gas is a dollar you won't see too much of that.

I submit that had we wanted to do something really important we could have kept this tax, we could have changed our exemption on the income tax to really assist those people who needed help.

Thank you, Mr. Chairman.

MR. MINIELY:

Mr. Chairman, just briefly to respond to the Member for Cardston. I always find his remarks responsible and also thought-provoking. Many times the hon. member has stood up as a person who has had considerable experience in public life. They have been remarks which in particular I appreciate.

I just want to say that we were aware of this. I am sure the hon. Member for Cardston realizes that, owning the oil and gas, I think Albertans expect to pay the lowest prices for gasoline in Canada. That's why we on this side feel that it's valid public policy to see that in fact Albertans do. I think you have highlighted the reason why others in this Legislature can take irresponsible approaches because they don't have that kind of responsibility.

MR. STROM:

Mr. Chairman, I have been very interested in the remarks that have been made, including the remarks from my honourable colleague from Cardston. There is no doubt about it that if we cut the tax further there will be benefits to those other than Albertans.

But I must point out too that we have an indication from the Provincial Treasurer that he is giving very serious consideration to whether or not the 5 cents [reduction] was adequate. In the first draft that was brought in to us, it was left open-ended so the Provincial Treasurer could run it up and down like a yo-yo if he wanted to. I'm not saying he was going to do it. I simply say that the power was there.

Now, it's all good and well to suggest that those on this side, who are maybe suggesting we ought to cut it a little more, are playing politics. But I would use the same argument to the government side of the House. By leaving it open-ended, they are leaving themselves open to doing exactly the same thing. All I would say at this time is that, as far as I am concerned, this government has never been in a better position than it is today to provide benefits to Albertans. I suggest that if they want to they can wipe out the total amount of tax and it would not hurt them at all as far as revenue is concerned.

Let's not start talking about responsibility when we talk in that manner, because we are considering a bill that is dealing specifically with fuel oil tax cuts. If we were discussing income tax I'd say let's talk about income tax. I'd be 100 per cent in favour of doing that, but that isn't involved in this particular bill. The bill that is before us gives us an opportunity of suggesting to the government how further cuts to Albertans can be made. True, it is going to assist others as well, but I am a little concerned that the original intent of the government was to provide just the kind of open-endedness that would permit them to manipulate it any way they want to. What we have said is that this should be the right of the Legislature, and that we ought to be the ones who should make that decision.

I would ask a question of the Provincial Treasurer in regard to a statement he has made several times, and that is in regard to the monitoring of gas prices in other regions. Can he tell us this evening how much he would intend to keep it below an average price of all of the other provinces? Or just what is it he has in mind when he suggests he is monitoring the prices in other areas? Because it seems to me that without any doubt we are now at a lower price than any other province in Canada. I rather suspect we will remain that way. But I would be interested in hearing him state just what percentage he would expect to keep it lower than, say, an average price from across western Canada or whatever area it is they are looking at.

MR. MINIELY:

In answer to the specific question I think I would best say that we haven't made a decision as to how much lower, other than we are committed. I have said several times that our policy will be to ensure Albertans pay the lowest price for gasoline. We still need to see how average prices settle across all provinces in Canada before we make that final decision as to the amount.

In addition, I think it's not really accurate to say that at any time in the last two to three weeks we have left ourselves open-ended as to the amount of the reduction. I think I have clearly been saying that we wish to assess the prices at the pump after they have settled for the month of May. This will not come in and I'm not sure that we'll get anything, in fact, until after the session has been completed. At that time our objective in any further reduction will be to ensure that Albertans are still paying the lowest price at the pump. I think that has been a clear and a consistent statement, that that will be our objective as far as further fuel oil tax reductions are concerned.

MR. STRCM:

Mr. Chairman, is it the intention of the government to try to keep it just lower, or is it to have it considerably lower? Just what is the intent of the government? As it stands now I'm sure the minister will agree with me that it is lower, and undoubtedly will remain lower than in any other jurisdiction in Canada.

MR. MINIELY:

Well, Mr. Chairman, I can't qualify that until we have all the reports in and we look at the average prices in each province in Canada. Then we'll make a decision and it will be clear to the hon. members at that time.

DR. BUCK:

Mr. Chairman, I'd just like to make a remark or two on this.

First, I'd like to ask the hon. Provincial Treasurer if he has considered a request that many school bus drivers have made to use purple gasoline in their buses. As the operating cost squeezes - the cost of operations is getting a little higher - they've asked that this be considered.

I would just like to say a thing or two on the statement the hon. Member for Cardston made about the fact that we'll be losing revenue when we take this 5 cents off that would be coming into the province because of the tourist industry. At the time we lose that revenue, possibly because we have a lower cost of gasoline, it will encourage more people to come in and spend their dollars. There may be a balance there.

I really felt a little badly when the hon. Provincial Treasurer said, just because the suggestion to have the entire gasoline tax removed comes from this side of the House it is a political move. When we see the government side of the House bringing in tax reduction one way and tax reduction another way it's not political when it comes from that side of the House. When it comes from this side of the House as a suggestion, then it's political.

MR. HYNDMAN:

Oh, oh.

AN HON. MEMBER:

It's not even announced in the House.

DR. BUCK:

Maybe not even announced in the House.

Mr. Chairman, I really feel I have to support the hon. Member for Calgary Mountain View when he says the purpose of the gasoline tax was an attempt to get revenue to the provincial treasury because it was required. Now that we have this flood of money coming into the provincial coffers at a rate which is almost beyond the comprehension of the brilliant Provincial Treasurer to count - it's coming in so quickly - I really think there is a justification for the entire 15 cents to be removed from the gasoline tax in this province. I would hazard to say, Mr. Chairman, that we will see possibly another five and then even another ten come the election of '75. I would just like to be put on record in saying that it will most likely happen. And the hon. Deputy Premier, he's smiling away - you know, the you name it and we'll give it to you type of thing.

I would just like to say, Mr. Chairman, that possibly the Provincial Treasurer was reading my brochure that goes out to my constituency. I asked the people in my constituency if they would be in favour of a 5 cent reduction on the gasoline tax, and 85 per cent of them said yes. So I'm glad to see you followed my suggestion.

Thank you, Mr. Chairman.

MR. TAYLOR:

Mr. Chairman, I wasn't planning to say anything on this but I feel a speech coming on.

Generally I think we all have to admit the economics outlined by the hon. Member for Cardston are pretty sound. When we talk about playing politics, we are all politicians and I guess we all play politics. The thing is that we try to do it as fairly as possible in the interest of the people. I can't see anything particularly wrong with that if the people benefit. It's like competition among politicians. That's the free enterprise system and that's good.

We are all pledged to try to reduce inflation. We urge our federal government and our provincial government to do something about inflation. Well, one of the Social Credit techniques in handling inflation was to increase taxation, not reduce it but increase it, to take off some of that surplus money so as to reduce the amount that was available to buy goods. Generally speaking, if there is a surplus of money, if there are too many dollars chasing too few goods, that's pretty sound economic procedure whether it's done by Social Credit or by any other type of government.

Now, whether or not we have that type of inflation now is questionable and debatable. In many cases we don't have enough goods. In other cases we have too many and we have too many dollars chasing them. I think we all have to admit we have inflation. Consequently, if we're conscientiously wanting to reduce inflation in this province we should be urging an increase in taxation rather than a decrease. But, of course, that wouldn't be political at all. Maybe it would be political suicide to do that. But there are times when politicians have to take a stand like that.

I'm not urging that we increase taxation in regard to gasoline. We have an ample supply of gasoline in this province for our own needs and pretty well for the needs of Canada. Consequently, I can't see any particular reason to urge the reduction of it. I suppose it's what your objective is. If your objective is to reduce the number of vehicles on the highways and roads, then the higher the price of gasoline goes and the lower the mileage you get per gallon, the more cars will go off the road. It's just that logical.

It gets to the economic point where you can't afford to run a car. I don't particularly urge that. Personally, I like my car. I like to be able to drive where I want to go. I'd like to see every family in Alberta with a car or truck or some vehicle. The truth of the matter is that the higher the price of gasoline goes and the fewer miles we get per gallon because the compression of the cars is being lowered, the fewer cars there are going to be on the road. Perhaps that's good, real good in the eyes of some people. By the same token, it's bad in my eyes because I like people to have a car. I believe there's a place for rapid transit and I believe there's a place for other modes, but I also think there's a place for cars. We should make it as reasonable as possible for our people to operate their cars.

When we talk about lower taxation, certainly it benefits the tourist, it benefits the truckers, it benefits Greyhound and so on. But I'm not so sure that it doesn't benefit the entire population of the province too, because when a trucker is able to get more mileage at a lower cost the cost of those goods to the consumer should drop. Almost everything in this province was hauled by truck at some place or other in its history, so probably people who have not the foggiest hope of ever having a car will benefit if the price of gasoline is lowered. It is the same with bus travel. Hundreds of people who don't have cars travel by bus. If the bus rates can be lowered because of lower taxation, it's a benefit to all the people.

I believe it is economically sound to reduce the gasoline to the lowest point we possibly can. I support that stand. I don't think it's wrong at all to expect the province of Alberta to have a lower gasoline price than any other place in Canada. I've been embarrassed over the years when I've found the price of gasoline in British Columbia, Saskatchewan, Montana and even San Francisco lower than the price of gasoline in Alberta. As a matter of fact there have been many debates in this Legislature as to why the price of gasoline could be lower in other places when it was our gasoline in the first place.

I've found it embarrassing at public meetings trying to - well, not trying to justify - but enumerating the fact that we did pay a higher price for gasoline in Alberta than some other places in Canada, some other places in the United States.

It's our gasoline. It's the gasoline that belongs to the people. Surely they should expect to have the lowest price in Canada. I see nothing wrong with that at all. As a matter of fact, I think it's sound. I think it's very, very sound.

However, when we come to how low that will go I think we have to be very careful because I, for one, am not suggesting we use the revenues that are coming in a windfall way, the revenues we were not expecting, to operate the everyday operations of this province. If we do that, Mr. Chairman, we're not being fair to future generations. We're not being fair to the people of Alberta. We are trying to grab for ourselves, during our period of life, some of the benefits which properly belong to those who will come after us.

I think we should expect to pay our way and - with the lowest possible price of gasoline and other taxation - to pay our way and still leave a fair share of the resources we are using, a fair part of our depleting resources, for the generation that will come after us. If we can establish our lowest price in Canada on that basis, then I think we can all be proud as time goes by. But if we start using the windfall profits that come to the province for operating expenses now, then I suggest we are not being fair to future generations and we're not being honest with ourselves. We should expect to pay

our own operating expenses now. Let's use that windfall in various capital ways so future generations will also share in the construction, whatever type it happens to be - now is not the time to discuss that. I do want to make it very clear that as far as I'm concerned the price of gasoline should be the lowest possible in accordance with the costs of operating the province today, this year. We can't go wrong if we follow that particular formula.

There's just one other point I would like to make. Sometimes we get carried away, in our own constituency, in our zeal to get the lowest possible price for ourselves. I think we should also be equally concerned that we get the lowest possible price of gasoline for other Canadians. Surely none of us are happy if Canadians in New Brunswick, Quebec, Newfoundland or Saskatchewan have to pay a higher gas price, because it does cut into their cost of living and into their pleasures of life too.

I think we should also have as one of our objectives not only the lowest gasoline price in Canada for Albertans, but the lowest possible gasoline price in Canada for Canadians as well.

MR. MINIELY:

Mr. Chairman, I would just like to initially respond to - oh, I see he's not here now. Oh, there he is.

AN HON. MEMBER:

You mean that bugger again?

MR. MINIELY:

Relative to the purple gas for school buses, I think the hon. member is no doubt aware that the 5 cents did apply in the case of purple gas for school buses and for municipal uses as well where they might use it in municipal buses. This is an open question which, relative to your particular concern, we're still prepared to look at.

Mr. Chairman, I would just like to conclude if I could by saying - in spite of, I'm sure, some of the chagrin of members even on this side - that I have made some remarks about this whole area because I think it's not just in this particular bill. I think that in Alberta in many bills, in many areas that are coming up because of the tremendous revenues we have, hon. members are going to be involved in just this kind of debate. It's my hope that the general principle by which we guide ourselves in debate as a matter of responsibility is that it might be - I know that I in my position and we on this side could easily be very popular by wiping out many forms of taxation, but I think everyone would question the wisdom and the responsibility of that. That's why I felt it was necessary to make some comments and I hope that many of the hon. members share my view.

MR. LUDWIG:

Mr. Chairman, I don't believe the debate on this issue is even well begun let alone over. I wish to state that when the hon. minister, the Provincial Treasurer, likes to make an allegation that someone is irresponsible because he is advocating a reduction in taxes which he, in fact, started, that doesn't necessarily mean that someone is. By my saying that the hon. minister might be responsible, that doesn't also make him responsible. It's actions that count.

We've become very, very pious about this whole issue when we say, well, we must be careful. I don't think the budgeting of this government, with \$2 million travelling expenses for instance in the Deputy Premier's department, is any indication of restraint or responsibility.

This government is spending money as if it has too much of it lying around. If they want to debate this, we can go budget by budget. Everything is generous - grants galore. That isn't inflationary, to have \$10 million worth of grants in one department that didn't have that much of a budget last year. Every place you turn there are grants coming out of their ears because they've got it. It's not because they can show any high priority, so they are spending heavily.

When the hon. minister, the Provincial Treasurer, advocates the paying of property tax reductions to people who are wealthy, oh, this isn't inflationary of course. This is good politics, Mr. Chairman. Who would stand up and say, we shouldn't favour property tax reduction? It's pushing money, in many instances, to those people who are simply not asking for it.

When the hon. minister gets up and tells us all he is concerned about is that gasoline taxes will be the lowest in Canada, I'm saying this is utter nonsense because we can't make that comparison. All he's concerned about is, we'll look good politically because we're the lowest. He's not saying that these other provinces simply have to tax because

they haven't got the dollars. I'm saying, Mr. Chairman, that if I was advocating today that we abolish the tax on gasoline when we are in a deficit budgeting position, I would be quite prepared to take the lumps of being called irresponsible.

The hon. Provincial Treasurer has not attempted to meet me head-on on why we tax anything. We don't tax because this government thinks we're going to solve inflation by keeping the gasoline tax high. If that's a logical argument then maybe we should follow the hon. Member for Drumheller's suggestion and raise the taxes. We will solve inflation if we push it to the extreme. I'm not buying that, Mr. Chairman.

I'm also saying that it's all right for the hon. Provincial Treasurer to say the hon. Member for Calgary Mountain View is irresponsible because he is saying knock the gasoline tax off in here, under the authority and vote of the body responsible for taxation, instead of saying, well, don't be irresponsible, be responsible, let me do it when I feel like it.

He has given every indication - and I know very well that this issue was debated in their caucus - that when this amendment was passed some were suggesting, do we need that tax at all? And so they prevailed because they're going to play a little politics with it. I have no hesitation in saying that somewhere down the line they're going to say, well, we've decided in our wisdom that we are going to give the people of Alberta a break. We can afford to.

They can afford to now. The main reason for taxation is the need for revenue. If they say, we're now going to practise a fiscal policy that will be anti-inflationary, they'll have to look at other matters, not just this bill. There are other matters in which they are pushing funds into circulation by guaranteed loans, by extending these and by extending grants, by guaranteeing loans all over the place in three or four different categories, by pushing the property tax reduction - that is just as inflationary - by the gas tax rebate plan. There are many things in this province that are inflationary.

If the Provincial Treasurer will stand up and say, we're going to change our policy, and show us that he's a man of his word - and that would be a surprise, Mr. Chairman - then I'd go along with this. But I'm not going to take this nonsense that because we're putting their backs to the wall and saying that you want to do it - and I'm saying that we want to do it. I'm going to move an amendment and I hope that we can vote on this amendment.

When we talk about trucks getting better breaks, the trucking industry in Alberta is hard pressed to compete with transportation systems that are being subsidized by governments. The consumer pays anything that the transport industry in Alberta hauls. When they have to pay more for their fuel it goes into their charges immediately.

The hon. Provincial Treasurer met with them a few days ago and said that he filled them in and they went away happy. That's a lot of nonsense. They didn't go away happy. He gave them a bill of goods and they gave up.

But they are not giving up. They are phoning us and telling us that we ought to do something. We ought to discharge our responsibilities. We have to see that we don't tax people unless we need to.

I want to make one point on this side right now, Mr. Chairman, that was played up rather heavily when the hon. members were on this side of the House. When we were in a deficit budgeting position, when revenues were tight, they were pressing us relentlessly and riding every opportunity they had [to say] that we've got to reduce gasoline tax, that we've got to manage tighter. We musn't spend so much money. We're spending too much on education and everything. Cut the taxes.

That was irresponsible because we were hard pressed for money. We had other priorities and it would have been very popular for this government, for the Social Credit government, to have decided that we'll cut down the gasoline tax. We kept it on because we didn't have the money.

But this government cannot say in all honesty that it needs the revenue. If they don't need the revenue they have to say we are going to tax the people because we think they can stand it, because we think it will create inflation if we drop this. That's a lot of nonsense.

When we talk about the Greyhound people getting a break, they represent a very small fraction, a minute fraction, of the total expenditure.

Certainly the tourist will get a break. We're advertising, we're spending millions of dollars trying to attract the tourist. There's nothing better, Mr. Chairman, in this whole scheme of tourist attraction than to let the tourist know he can buy all the gasoline he can and it is the cheapest. The money that we get from the tourist over and above that tax will pay dividends tenfold.

It's a hollow argument to say that because we want to get a few thousand dollars from the tourist we have to stick it to everybody. That is a poor argument. When we talk about taxation being inflationary, why are the Conservatives in Ottawa pushing the Liberal government to remove the sales tax from building goods? Why are they doing that? Because they want to create inflation or because they feel that that tax is hurting the wrong people?

We get up and say that the people who don't need a tax reduction will get a benefit. Driving cars in this province is the necessity of every working man. Every working man, every one and his family is driving a car. If you think that 66-cent gasoline or 70-cent gasoline in this province isn't hurting, you haven't been around, Mr. Chairman. It is hurting. It is hurting a lot of people. They are very aggrieved when they hear the Provincial Treasurer trying to make a little political mileage when he says, well, as long as we're the lowest, we're all right, even if that has to be a dollar. I am saying that is sheer nonsense and there is no place for such reasoning in this Legislature.

I have said it before, and I am going to say it again, that we can't compare to Prince Edward Island, we can't compare to Nova Scotia, we can't compare to Newfoundland, we can't compare to New Brunswick and we can't compare to other areas because they are not in the favourable position we are in.

The hon. Provincial Treasurer is very remiss in trying to stand up and say, well, it is irresponsible because someone is pushing him to do now what he intends to do in the next month or two. He has indicated beyond any doubt that he is going to reduce taxes. The only thing griping him is the fact that we are pushing him to do the responsible thing right now. He can laugh all he likes.

The hon. member up there who is attempting to heckle me can stand up and vote against it because not too many of them on that side have the right to speak their own mind.

[Interjections]

I presume that every Conservative MLA - every one on that side - believes we ought to keep the gasoline tax where it is. I know what they are doing. I can tell by the smirks on the faces of some of them that they are willing to let the Provincial Treasurer and not someone from the Opposition announce when this has to be. That kind of political game is too obvious and they know it. In fact, if the hon. Provincial Treasurer would stand up as he ought to and say, I am not going to reduce the tax, I am opposed to it, we're not going to go below the 5 cents I am advocating, that would be a different ball game. But he's saying we might do it. We might have to do it. In fact, I think he will have to do it to be the lowest in Canada, because other provinces showed him up. For that reason, Mr. Chairman - and the reasons I gave are not entirely exhaustive - I am submitting an amendment to the amendment submitted by the government dated May 24. It's an amendment to Bill No. 10, The Fuel Oil Tax Amendment Act, 1974, and it presently reads:

This bill is amended as follows:

A. The following sections are added after section 1:

1.1 Section 5, subsection (1) is amended

(a) as to clause (a) by striking out the figure "12" and by substituting therefor the figure "7" ...

I'm amending this same clause by stating, "as to clause (a) by striking out the figure '12' and by substituting therefor the figure '0'"; "as to clause (b) by striking out the figure '14' and by substituting therefor the figure '9'", the amendment I'm proposing is, "as to clause (b) by striking out the figure '14' and substituting therefor the figure '0'." Section (a) clause 1 ...

DR. HORNER:

Mr. Chairman, on a point of order, the hon. member well knows that he can't bring in a taxation measure, which he is now trying to do. He is completely out of order.

MR. LUDWIG:

Mr. Chairman, I wonder whether we ought not to ignore that interruption because it is senseless and certainly without foundation. All of a sudden, because he's embarrassed, he's going to dig up some antiquated rule that has never even been raised in this [House]. He's telling me that the hon. Provincial Treasurer can do the taxing himself but the Legislature can't. That's what he's saying and I think it's par for the hon. Deputy Premier. I want to proceed with it.

MR. DEPUTY CHAIRMAN:

Mr. Ludwig, are you speaking to the point of order?



MR. LUDWIG:

Yes.

MR. DEPUTY CHAIRMAN:

I wish you would say so.

MR. LUDWIG:

Yes. Well, I'd like to proceed with my amendment. I don't think the Deputy Premier is afraid that it will pass. He knows what they'll do. They'll do what I'm saying now within two or three months, but they won't do it today so he doesn't have to worry. He has got the boys well trained on that side. He will give a tug at the chain and they'll jump the way he says, Mr. Chairman.

Section A 1.2, Section 6(1) as amended as to clause (a) as follows: "as to clause (c) by striking out the figure '10' and by substituting therefor the figure '0'". Clause (b): "as to clause (d) by striking out the figure '12' and by substituting therefor the figure '0'." And the NOTE at the bottom would then be: "The first amendment provides for the reduction in tax of 15 cents per gallon heretofore effected by Order in Council" so and so. It was 5 cents, but now we're going to reduce the whole thing. Mr. Chairman, we have a strong indication that the Deputy Premier was going to go that way anyway. I feel that if they think this is wrong, that I'm going to start a wave of inflation in this province, I'd like to know who started the one we have now.

So I'm handing you the amendment, Mr. Chairman. There are two copies, one for the Provincial Treasurer and one for whoever else is interested.

SCME HON. MEMBERS:

Question.

MR. LUDWIG:

Let the Chairman get the amendment first so he'll read it.

Mr. Chairman, if the hon. members all understand the amendment then I'll proceed to wind up my remarks on this amendment.

[Interjections]

Yes, the hon. Deputy Premier is dumb like a fox when it suits his purpose. He knows exactly what I'm doing. I'm doing exactly what they intend to do only with a little more connivance, a bit more footwork, a bit more politicking.

One thing I have to tell you, Mr. Chairman, about the Deputy Premier is that I admire him because he is the one man on that side with gumption enough to stand up and say that he is a politician and makes no bones about it. I mean that sincerely. The rest of them are hiding behind each other. They are all statesmen, but the only politician is ...

MR. HENDERSON:

Point of order. Debate in committee isn't for the purpose of heaping praise upon the Minister of Agriculture. I'd like to suggest we get on with the bill.

MR. LUDWIG:

Mr. Chairman, I have to show you that I can give a compliment where it's due once in a while, sir.

I'm urging the hon. members to support this amendment because it will be more than embarrassing if they defeat this amendment and somewhere down the line when it suits their purpose they make an announcement - perhaps the Premier will make it on national TV - that we have reduced the tax because we believe that Albertans deserve it.

Under our policy we can afford to reduce taxes. And unless the Provincial Treasurer can show that they need the money and that they must tax the people because they're tied, they're desperate for revenue and it will affect other programs, he should stand up here and commit himself that they don't intend to do it, that they're not going to push inflation by reducing any more taxes, by pushing grants or by pushing loans and then I'll back off. But I don't think he's going to do it, Mr. Chairman, and they are pretty well obliged to at least either support this amendment or keep quiet about it.

Thank you, Mr. Chairman.

MR. WILSON:

Mr. Chairman, I'm happy to support the amendment.

There are several reasons, Mr. Chairman. But I think first of all we should go back and define the word "tax". Really, what are we talking about? The tax, Mr. Chairman, is a charge of money imposed by authority upon persons or property for public purposes, or a sum levied to defray expenses.

Well now, Mr. Chairman, even though the hon. Provincial Treasurer rose in his place, to his highest height of sincerity, his arguments have not been convincing. He has not shown in any way, Mr. Chairman, any need for this tax. He has not shown where the funds will be used that he will be gleaning from his tax, whatever the amount is. He has not shown that there is a need for this tax in order to defray expenses, Mr. Chairman. The minister has not given us any proof of the need for these funds, this tax, for public purposes, nor has he shown any proof that the tax had to be levied to defray expenses.

So, Mr. Chairman, it seems to me that until the minister can give us some convincing arguments, the minister is the one who is playing politics by saying his goal is to have the lowest price taxes for gasoline in Canada.

MR. DEPUTY CHAIRMAN:

Mr. Zander,

AN HON. MEMBER:

Sit down.

DR. BUCK:

Look, Mr. Chairman, at the bloody display of arrogance. When the Deputy Premier and the Provincial Treasurer can sit there and tell an honourable backbencher to sit down ...

[Interjections]

... now to me that is the height of arrogance and ...

MR. DEPUTY CHAIRMAN:

That's not a point of order, Dr. Buck.

DR. BUCK:

... there is no way that I can go along with that.

MR. DEPUTY CHAIRMAN:

Dr. Buck, that is not a point of order. I'm sorry, but I can't accept that as a point of order.

DR. BUCK:

Point of order! I'd like to speak to the debate, Mr. Chairman. I'm not speaking to a point of order.

MR. WILSON:

Stick in there, buddy.

DR. BUCK:

Mr. Chairman, I would just like to know what the electors of the province did when they sent people to this Legislature who were going to be told by the front bench if they could speak or they could not speak.

Mr. Chairman, I would like to support the hon. Member for Calgary Mountain View's amendment ...

AN HON. MEMBER:

Oh boy.

DR. BUCK:

... because I believe, I firmly believe, that the consumers of this province in paying tax, as they are now, are paying an unnecessary tax. And the most important point, Mr. Chairman, that concerns me is, will this Legislature be deciding what the tax should be, or will the Executive Council be deciding? I think this is a very important principle. Because it's fine for us to vote and give the Provincial Treasurer a carte blanche so he can juggle the tax any way he wants, up, down, sideways or across. But I feel that we have a responsibility, Mr. Chairman. The responsibility is in this Legislature. This is why we are elected. And I would like to have the hon. Member for Drayton Valley stand up without the Deputy Premier and the members of the front bench telling him he can't stand up and speak to this debate.

Thank you, Mr. Chairman.

AN HON. MEMBER:

Hear, hear.

[Interjections]

MR. ZANDER:

Well, Mr. Chairman ...

SOME HON. MEMBERS:

Hurray, hurray.

MR. ZANDER:

Well, Mr. Chairman, we have heard just about as much nonsense on the other side as we can possibly hear.

I have an invoice here, I just purchased gas yesterday. I have heard the hon. Member for Calgary Mountain View say we are paying 63 and 64 cents for gas. I got 9.3 gallons of gas at \$5.15 or 53 cents a gallon at a Shell station.

Now I think all hon. members will remember that if you want to reduce the gas 5 cents or 10 cents - all I wanted to say is, remember there are people out in the rural areas who haven't any roads to travel on. If we can designate some of that money in that area to give the people some roads to travel on, we have done all we can do.

I wish the hon. members to vote that amendment down for the simple reason that I don't think we are doing justice to the people of the province of Alberta.

First of all, I think the hon. Member for Clover Bar knows well that in the rural areas the people haven't got any roads to travel on. If we can use this money to give these people an outlet, then I think we have done our share in the Legislature.

MR. LUDWIG:

Mr. Chairman, I think it would correct a situation - that there might be gasoline that is cheaper, but to be honest and to keep the facts straight, I bought gasoline in Edmonton yesterday for 66 cents a gallon. I bought gasoline in Calgary for 66 cents a gallon ...

AN HON. MEMBER:

You can always save up.

MR. LUDWIG:

Pardon? Yes I know, but I can't be driving around all over the place trying to find one that sells it cheaper.

MR. TRYNCHY:

Why?

MR. LUDWIG:

I know some do. At the Imperial Esso station in Calgary I paid 66 cents. That isn't by any means the lowest, and reducing it by 5 cents isn't going to make it the lowest. So the hon. Provincial Treasurer is committed, to a great extent, to at least go as far as my amendment does. All he can do is stand up like a man and be counted and go all the way.

I'm absolutely appalled. I know somebody has a good obedience school going on that side. I have a Doberman and when I say "down" he goes down. I see Horner and Miniely doing that to their own MLAs. Let me tell you I'm ashamed of this thing. I never thought I'd see this happen in this House.

MR. RUSTE:

Mr. Chairman, I'd just like to direct a question to the Provincial Treasurer. What amount of money is involved here at the 5 cents? You have two amendments here, one dealing with the farm use and the other with the automobile use basically.

MR. MINIELY:

Mr. Chairman, I think when I presented the budget I indicated there that it was \$35 million.

HON. MEMBERS:

Question, question.

MR. DEPUTY CHAIRMAN:

The amendment is actually the same wording as the original amendment which you all have, except for the change in the three numbers. In 1.1(a) the figure "7" is changed to "0". In 1.1(b) the "9" is changed to "0". In 1.2(a) the "5" is changed to "0", and in 1.2(b) the "7" is changed to "C".

[The amendment to the amendment was lost.]

[The amendments were carried.]

[All sections were agreed to.]

#### Title and Preamble

MR. LUDWIG:

Mr. Chairman, on title and preamble I'd like to make a few remarks. All I'd like to do is quote from the great chairman John, the Rt. Hon. John Diefenbaker. As far as this amendment is concerned they are going to do what we said and if they don't then I'll be very surprised. But all I've got to tell them on this amendment is, they displayed - his quip that he made - that if they don't hang together, they'll hang separately.

AN HON. MEMBER:

You're great Albert.

[The title and preamble were agreed to.]

MR. MINIELY:

Mr. Chairman, I move the bill be reported.

[The motion was carried.]

#### Bill No. 32 The Alberta Energy Company Act

MR. CLARK:

Mr. Chairman, I believe perhaps it might be more expedient if we go through the bill section by section.

[Section 1 as amended was agreed to.]

[Sections 2 and 3 were agreed to.]

#### Section 4

MR. HINMAN:

Section 4 seems to violate some things that appear pretty important to me. In the debate on second reading I made a few points that I think are pretty important. One is

that we had better use "shall" instead of "may" in Section 4. Following that, there are some pretty important points.

If we're going to carry out the objectives of this bill as the government gave them to us, the second of the two is to provide for the participation of every Albertan in ownership of shares in this company. If you follow it a little further, it's just as logical to say, we want equality of sharing as far as that's possible. The bill doesn't really provide for that. Moreover it doesn't define "Albertan", which means that anybody who happens to be resident here, be it for a few days or a few months, can qualify.

I know the powers that be who handle shares don't want this handled logically at all. They want to do it the same old way. There is commission in it for them. They are going to tell us a lot of stories about people not subscribing and things of that nature.

In my opinion, the whole success of this government depends on the success of this company. If this company is not successful this government will fall. I don't know what the next government would do about it. But because of that, I don't think the government will fall. I think they're on sound ground, that this will be a popular thing and it will be a successful thing. I think it's going to be a dividend-paying thing. It's going to be attractive.

Because I think that, I think some amendments are in order. I propose the following amendments:

A. Section 4 is amended by striking out the word "may" and by substituting therefor the word "shall".

B. The following section is added after Section 4:

4.1 (1) In this section, "eligible Alberta purchaser" means a Canadian citizen 18 years of age or over who has been resident in Alberta for not less than five years immediately preceding the date of the share issue concerned.

(2) No shares may be issued to any subscriber except the Government of Alberta for a period of 90 days from the date of any share offering.

(3) Within the 90-day period following the date of the share offering any eligible Alberta purchaser holding less than 5,000 shares of the Company may, in accordance with the regulations, register with any treasury branch his intention to subscribe for one or more shares from the share offering.

(4) Immediately following the conclusion of the 90-day period the Company shall fix a maximum share purchase quota for each eligible Alberta purchaser who has registered his intention to subscribe under subsection (3) by dividing the number of shares available by the number of registrants.

(5) Within a period of 90 days following the fixing of the maximum share purchase a registrant may

(a) subscribe for, or

(b) make, in accordance with the regulations, a deferred subscription application for

any number of shares not exceeding the maximum share purchase.

(6) The Company shall hold in escrow, for a period of three years from the date of the share offering or until sooner subscribed for, a number of shares equal to the total number of shares in respect of which deferred subscription applications have been made and any person who has made a deferred subscription application may, within that period, subscribe for the number of shares stated in his application.

(7) At the conclusion of the 90-day period referred to in subsection (5) any shares unsubscribed and in respect of which no deferred subscription application has been made may be issued to the public but any shares subscribed for within a further 90-day period shall be issued in the following priority:

(a) eligible Alberta purchasers holding less than 5,000 shares;

(b) other eligible Alberta residents;

(c) other residents of Alberta;

(d) any other persons permitted to hold shares.

I have copies of the amendments.

The purposes of these amendments are pretty evident.

First, we have defined an Albertan. Having done so we can control the subscription.

Secondly, we have made it possible for everybody to get the same number, providing of course that they subscribe for them. In other words, in my opinion the total issue will be subscribed very quickly, so it will be very easy to see that each Albertan gets an equal share.

Thirdly, we've looked after those people who are not habitual purchasers, who do not have savings and who have not made applications to banks to borrow money, though I think it will be very easy to borrow money on these shares. No harm can come to the company by reason of the 90-day delay in share issue or by reason of the three year escrow. The company can borrow money against these escrow shares with full confidence. So nobody's going to be hurt.

If it should chance that my guess is wrong and that Alberta citizens don't subscribe for all the shares, the amendment simply says that other Albertans who hold less than 5,000 shares will get first chance, then Albertans who don't hold any shares, and other Albertans, and finally, anybody permitted to hold shares, which would mean Canadians. I think that by so doing you will have a means of making sure that the objectives we talked about will be carried out, namely that every Albertan - if you use the definition of "over 18", and I'm not going to quarrel if somebody wants to amend the amendment to say 16 or to change the years of residence - all I'm concerned with is that we do define Albertan and that every single one has a chance to own just as many shares as anybody else if he subscribes for them. I'm concerned that it be offered in such a way that nobody will be prevented from getting shares because of a temporary inability to pay for them.

I submit that these amendments will make the bill very acceptable, that in no way can they hurt the operation of the company and that they will be popular in Alberta.

Thank you, Mr. Chairman.

SOME HON. MEMBERS:

Agreed.

MR. GETTY:

Mr. Chairman, I guess I should just say a word or two regarding the hon. member's suggested amendments. I had an opportunity to discuss this kind of amendment with him since the bill has been introduced. I haven't seen the exact thing that he has come out with here.

I think if we go back to our discussion that we had on this bill before, this bill provides for an Alberta energy company. It does not try to build into the company a marketing program. The bill does provide for a definition of resident of Alberta. The bill does not provide for a series of restraints which I think would be harmful to the normal marketing and value setting process which we hope will happen with the shares of the Alberta Energy Company, and that is that they will be able to be sold and purchased like any other company's shares.

So, Mr. Chairman, I would ask the House not to load the shares of this company with a series of restraining mechanisms which, by all their good intentions - and I recognize the hon. members' intentions - will in fact cause the shares, in my opinion, to not reflect their true value. We will find that Albertans will not be able to sell at the true value [the shares may be worth], if they wish, the shares which they are able to purchase.

Mr. Chairman, I would only urge the House to leave the flexibility in the bill. The concept I tried to outline during second reading of the bill is that the shares should be like the shares of any other company in Canada in that they may be bought and sold on a stock exchange. We have provided that it would be by policy the Calgary Stock Exchange. I'd urge the members to allow the company to operate as we have suggested in the bill.

MR. HENDERSON:

Well, Mr. Chairman, I would like very sincerely to suggest that the government should re-examine its attitude. The Alberta Energy Company is not going to be like any other company in Canada. Under the amendments to the bill the government proposes to hand mineral leases over to the Alberta Energy Company gratis, at no cost, the way I interpret it, Mr. Chairman. They're going to allow it mineral rights that are now vested in the Department of Mines and Minerals and transfer them without any consideration - there's an amendment in the bill - without any charge to the Provincial Treasury, and without any remuneration to the Provincial Treasury, and then allow the shares to be sold outside the rest of Canada. Basically it could be argued if that is going to be the case - the minister is shaking his head - it would constitute simply a rip-off, [against the] best

interests of the people of the province of Alberta who now own those mineral rights, because they are going to be giving something away.

We're jumping ahead. The question of the manner in which the company is going to acquire Crown mineral rights is very fundamental to the bill, the way it stands right now. In my mind, the way I've interpreted the bill, [if] it's going to happen, I think there have to be protections because Alberta residents are going to be losers if there are no protections in the bill. So ...

MR. DICKIE:

... [Inaudible] ... Section? Is it C?

MR. HENDERSON:

Well, I have the same problem the Minister of Mines and Minerals has. He doesn't read law too well.

There's an amendment here that came in before the Alberta Energy Company act. I'd have to find it because I tore it out and pasted it in here. The way I read it, it says it's a simple matter:

Any property owned by the Government of Alberta may be sold or transferred to the Company with the approval of the Lieutenant Governor in Council.

Very clearly, the bill does make the allowance that the government can give Crown mineral rights to this company. Then to turn around and allow the company shares to be traded across the counter, all across Canada, [is] a giveaway in terms of mineral rights. The government has said it's going to give Suffield to the energy company. It is already on record as having said that.

Obviously, I think there have to be some restrictions in the act on the question of ownership. Possibly the minister could question the manner in which the Alberta Energy Company is going to acquire Crown mineral rights now while it is jumping ahead. I still think it is highly relevant to the amendment that's now before the house.

MR. STROM:

Mr. Chairman, I was going to make some of the points that were made by the hon. Member for Wetaskiwin-Leduc. I was going to point out too that in the position paper the hon. minister has tabled - I gave credit for it to the Premier and was told that I should have given credit to the Minister of Intergovernmental Affairs - it states very clearly that 80 per cent of the pipeline will be turned over to the energy company, 50 per cent to the power company, 20 per cent of the Syncrude project, and an undetermined percentage of the Suffield. I'm saying an undetermined percentage. There is no explanation given, Mr. Chairman, as to what is going to happen with Suffield.

I cannot follow the statement made that it is a company like any other company. The minister certainly, in reviewing that, will have to agree that this is certainly not the case. It is for this reason, even though I do not like the concept of the bill, we have argued that in second reading we're now looking at possible changes we can make to reflect wishes we might like to see incorporated in it. I don't want to stand up in any way, desk-pounding or anything else, to try to make my point. But I would say to the minister that I would hope he gives us a better explanation than we've had up to this moment.

MR. GETTY:

Well, Mr. Chairman, I am not sure whether the members recall what I just said and that is that we would hope the shares in the company can trade like any other company. I agree, just as you pointed out, that this is different from any other company. As a matter of fact I know of no other company just like this one. That is one of the reasons we happen to have a bill like this, which has in it a variety of items we have tried to develop to make it the best bill possible for the people of Alberta.

My comment on the company being like any other came when I was referring to allowing the shares to trade as much as possible like any other company. I agree with the hon. member that the Alberta Energy Company isn't like any other company.

Now, with regard to the hon. member raising the point that the government would give leases to the company, that is not so. In Suffield, as has been pointed out, the company will evaluate - the government is carrying on an evaluation right now - the reserves and they will strike a fair value for those reserves to be transferred to the company for dollars, just like any other fair transfer of government property.

Those evaluations will have to be justified. We may be able to do it in a way that absolutely guarantees that everything there is paid for. There is a variety of ways in

which consultants will assess the value of the natural gas reserves that will be transferred from Suffield.

Nowhere does this bill contemplate giving anything to the company without getting fair value in return.

MR. HENDERSON:

Mr. Chairman, I just have to beg to differ very specifically, because the amendment to Clause 22 specifically makes provision for the government to give things to the company. I would like to suggest to the minister that behind-closed-doors deals on Crown mineral rights is not in the best interest of the public even if it is going to the Alberta Energy Company. If the Alberta Energy Company wants to have a credible reputation the acreage should go on the market and it can bid for it. That's the way to establish the fair market value for the property, not a closed deal with the government dealing with itself behind closed doors.

The precedent is dangerous. It is going to destroy the tendering system that now exists. It is going to completely undermine any incentive on the part of private enterprise to become further involved in the acquisition and development of acreage, because in every choice piece of acreage that comes along the government is going to make a private deal with itself to take the mineral rights out of the Department of Mines and Minerals and give them, at some price that the government says is fair, to the Alberta Energy Company.

The only way those transactions are going to be credible and publicly acceptable to everybody, to industry and I think to the people of Alberta at large who own the mineral rights, is if people are going to buy shares in the Alberta Energy Company, are going to collect dividends. They should share in some of the risks that are involved, and in sharing the risks they should get out in the competitive market and acquire the acreage.

A closed deal, a behind-the-door transaction between the government and a company of which it owns 50 per cent, is simply not going to be credible so far as the deal being a fair and proper one. The government also has access to all the records of the whole industry, everything that goes on in Alberta.

The minister sits there, shakes his head, and says, no, the government isn't going to take every piece of choice acreage that comes along in the future and give it to the Alberta Energy Company. The only way you are going to have any reliability in the minister's statement is the fact that the Alberta Energy Company should acquire the acreage by bidding in the open market. Then there would be no argument about it and I would have no real quarrel with the bill.

But witness the exercise of the NDP government in Saskatchewan going through exactly the same type of transaction in the early '50s, except they did it with the co-op. That was the deal there. They'd give it to the co-op.

I think that in this type of exercise in Alberta in conjunction with the instability existing in the industry today the government is going to find that private enterprise just isn't going to be anywhere near as actively involved in acquiring Crown acreage. They know that [when] a drilling reservation comes up or some good acreage comes back out of a drilling reservation, the government gets back half of it. In the past it has gone up for public auction.

The pressure is going to be there for the government to give every chunk of proven acreage to the energy company - and it can give it. If the financial affairs of the company don't pan out as well as anticipated - it buys a half interest in the energy plant at Fort McMurray and it blows up or something - well then, what better way to make the company look better and solvent [than] to reduce the price it is going to pay the government for the publicly-owned mineral resources in the province of Alberta?

I have to come back again and say that in light of the way the legislation is drafted, the words of the minister in the long run are simply meaningless when it comes to determining government policy. As already witnessed in the House the first year or two, a minister made a policy statement and the government brought in legislation completely refuting it. I go back to the Alberta Government Telephones. The ministers come and go. We hope the statute is a little more stable and lasts a little longer.

I just cannot see how the government can propose to proceed with sale of shares in the way the minister has dealt with Section 4 in light of the provisions in the bill whereby the government can give, on an inside deal, preferred Crown acreage, proven or semi-proven Crown acreage, to the Alberta Energy Company.

One could argue that Suffield isn't proven. In my books in a general sense it was proven. Private enterprise had drilled all the way around it but because of the nature of the lease they couldn't drill inside it. What the government has been talking about



[regarding] exploration holes is a little bit phoney because they are really development holes and have been from the start, except nobody has made a quarrel about it because, as I say, there were gas reserves proven up around the whole area of Suffield.

Suffield is the first example [of] a proven piece of acreage, basically proven up by private enterprise, which the government is now, in a private deal, going to give to a company which it turns around and says isn't even a Crown company. If it were a Crown company I might feel a bit better about it, but the act itself says it isn't a Crown company. I feel very strongly, while I basically endorse the idea of the company, that the manner in which the company acquires Crown mineral leases is very fundamental to the company and the appropriateness of the bill.

The way the bill is drafted now, without some amendments I don't see how anybody who has the best interests of the citizens of Alberta at heart, in general - I mean the people who own the mineral rights now, not the ones who are going out to buy the shares, not the ones in other parts of Canada who are going out to buy the shares - I simply can't understand how the government can argue there is any benefit for the taxpayers of Alberta who own the mineral rights to see this type of transaction take place.

It's going to represent basically a net loss to the citizens of Alberta. They are losing something in the process right now. No matter how they go about the transaction, if the government's deal is too high the company gets into trouble, as they say, the next one they will come back too low. If it's done open and above board - the transfer of assets is done on the open market in competitive bidding - industry can't complain about it. Any people who fundamentally object to the government being in the business can't complain about it because the energy company will be involved on a competitive basis and it can sink or swim just as any other company can. I think the shareholders who buy the stock then buy it knowing they are sharing in the risk as well as the possibility of sharing in the dividends which might come from acquiring Crown leases.

I have to suggest that the amendment proposed under Section 4 in light of what is in the bill itself right now under the amendment under Section 22 is essential. It's not only desirable, it's essential because there will be a net loss to the people of Alberta otherwise.

MR. DICKIE:

Mr. Chairman, just on a point of order, I was wondering if I could make sure the record is quite clear, that in referring to the 77 wells at Suffield the government has always referred to them as evaluation wells, not exploratory wells and not development wells but evaluation wells. This was consistent with the Gray report.

MR. BUCKWELL:

Mr. Chairman, I'd like to say a few words on this amendment dealing with the investment: "Shares of the Company shall not exceed \$250,000,000." In other words, if the government has \$250 million in shares, then shares are going to be offered to the public to the tune of \$250 million. What we are concerned about is that the little man has an opportunity to invest in these shares.

Now say, for example, that the Suffield block - say we do go the way the minister has described ...

MR. GETTY:

Mr. Chairman, on a point of order. We are going to lose our ability to deal with each item. I don't mind if you want to jump to the \$250 million item, but I think we have an amendment. I just dealt with one other thing because one of the hon. members raised it since it was affecting his amendment. I'm wondering whether we couldn't proceed with each section. Thereby, at least, I would be able to keep track of the hon. members' requests and reply to them. Otherwise I lose track of which ones we're dealing with.

MR. HENDERSON:

On the point of order, Mr. Chairman, I think the point brought up by the minister is probably well taken. Would the committee then agree to hold the discussion on the amendment on Section 4 of the bill until we proceed and get some of the other fundamental issues resolved. We can return to Section 4 later on and deal with it more systematically.

MR. DEPUTY CHAIRMAN:

Is it agreed that we hold Section 4 then, or do you want to continue?

MR. BUCKWELL:

Mr. Chairman, I think Section 4, is fundamental to the whole company. This is what we're concerned [with], that the little man has a chance to get some shares.

The only reason I was dealing with Section 22 was to try to show how it might work in the sense that if the Suffield field - and we'll use a figure, we'll say was set at \$50 million - now the Suffield field is owned by the people of the province of Alberta. So for an example then, if it's sold to the energy company the government gets \$50 million into its coffers. Now we come to sell the shares. Say there are 500,000 Albertans applying for shares on the day they are going to be put on sale, many of these Albertans are going to see a good thing. They have the money. I can see where brokers could have orders in for the number of shares - say one person can't own more than one per cent - but I could see some wealthy families, corporations or groups of people who could quite easily pick up one per cent of the shares.

Now, say there were 500,000 Albertans at the time period these shares were put on sale. There were 500,000 but the first 250,000 bought up all the shares at \$1,000. What happens to the other 250,000 people who wanted to buy shares? Where do they get a chance to get in? These shares could be bought in one afternoon, as the hon. minister suggested on second reading. If the Legislature, and I think most of us are interested in this company - I hope it goes over, I'd like to see it sold within one hour. If all these shares were sold, then where does the little truck driver get his chance to get a share? Where does the maid or the street sweeper get a chance to get in? Because those who are buying shares and are used to dealing with brokers have already bought them. So what do they get out of it?

What does the average Albertan get out of it? He gets \$50 million which applies to all the people in the province. But what do the others get? For \$50 million, 250,000 of these people are now shareholders in the company and reap the benefits. What we're concerned with in Section 4 is that we set out guidelines for who these Albertans are. Maybe it could be restricted after the first sale, but at least on the first sale every Albertan has the opportunity to buy. If he doesn't want to exercise that option, this is fine. But it should be down into a category for each Albertan, not on an equity basis, where a man, say, has \$10,000 and this is equitable for what he has earned in this life, and another man only has \$100. That is equity. We're talking about equality, so that each person - because what we're selling today is not something that belongs to the government; it belongs to each and every Albertan. This is their heritage.

And as the hon. Member for Wetaskiwin-Leduc has pointed out, the company naturally is going to pick up the most lucrative fields or the most lucrative business, we hope, within the province. Now if you're going to do that you're going to end up with a narrow group of people that is actually going to control the destiny of the Alberta Energy Company.

I'm concerned that at the beginning - and maybe the minister feels the same way - each Albertan should have equal opportunity to buy these shares.

MR. GETTY:

Mr. Chairman, just on that matter, I think the hon. member has to consider the bill in light of the government's policy statement regarding the Alberta Energy Company, the policy statement that was given in the fall or at least in the so-called Energy Session in December, at which time we mentioned that every man, woman and child in Alberta would be given the opportunity to purchase the shares.

Now we have not, and did not intend to build a marketing scheme into the bill. The bill is for the operation of an energy company. The marketing scheme, by the government's policy statement, will provide that if there are 500,000 Albertans who would like shares, every one of them will get shares. They'll be prorated to them. So they'll all get shares, every man, woman and child.

As a matter of fact I don't know why the hon. Member for Cardston wants to limit it to those 18 and over. Why shouldn't every man, woman and child have one? Why shouldn't you be able to buy them in trust for your children?

AN HON. MEMBER:

I don't have any.

MR. GETTY:

Why not? Well, you don't happen to have any. I should have hit someone else I guess.

That is the government's policy. Now governments change policy but, you know, there isn't anything any of us can do about that. There will be governments who come along

after we are gone who can change policies, and they'll have to place them on the floor of this Legislature and argue them out.

But in this case we are saying that every man, woman and child gets an opportunity to purchase shares. We'll do it by having a marketing scheme - I told you, we brought in the trust company who handled the Alberta Gas Trunk Line issue. They made some mistakes there, as you know. There were abuses to that sale of shares. Some of the hon. members opposite were involved and they learned some lessons from that, and so did the trust company. So they are in. The managing dealers, the investment dealers we've talked about before in the House, have been told the marketing scheme, to offer shares to every resident of Alberta who wants to have them, won't be approved until the government is convinced it is as foolproof as possible.

Now we can't build that marketing scheme into a piece of legislation. That's impossible.

AN HON. MEMBER:

Why?

MR. GETTY:

Well it just is. It's impossible because the marketing scheme is being developed right now and it's going to have all kinds of intricacies in it, no more than the Alberta Gas Trunk Line bill had built into it the restrictions or how the shares would actually be marketed. So I'd say to the hon. member, you have to look at the bill in relation to the government's policy statement.

As for picking out leases, Crown leases, all the good ones, again it's covered by a government policy statement. There were only a few unique situations which the government identified. The thousand square mile Suffield block had been more or less neglected by the previous administration. It was there and because the federal government was using it, in the British block there was no development of the natural gas. As a matter of fact, it's partially being drained right now by industry.

So what will happen is, we will have independent evaluations to come up with the value of the gas. And it will be sold at that value. Maybe we'll be able to build in an incremental value always coming to the government in the event the initial value was underestimated. But Albertans don't lose anything because they get their royalties and their lease rentals just as they always have. Through this, they get more. They get profits because of the properties being developed by the Alberta Energy Company. They aren't losing anything. They're benefiting.

So I just hope that in the course of the debate we can get that clear in the hon. member's mind.

MR. CLARK:

Mr. Chairman, just two comments on what the minister says. It's all well and good for the minister to refer to the policy statement. The government, any government, can change policy statements from one day to the next. The government can't amend bills. It's the Legislature that amends bills.

If the minister really means what he says about giving this kind of guarantee to Albertans, then for the life of me I can't understand why, in Section 4, it says "The Company may, on any offering of any of its shares, offer shares in preference or priority to residents of Alberta." Now, the hon. Member for Cardston, when he moved the amendment, suggested that "may" be changed to "shall". If the government policy is as the minister says it is, then for the life of me I can't understand why you won't accept that amendment right off.

AN HON. MEMBER:

... [Inaudible] ... a matter of flexibility.

MR. CLARK:

Flexibility? A minute ago you said the policy was to guarantee this priority to Albertans.

MR. GETTY:

Do you want the answer to that?

MR. CLARK:

No. I have one other point and then you won't have to get up a second time.

If the government policy is as the minister says it is and it's going to stay that way, then let's put "shall" in here right at the start and that will remove the fears of a lot of members.

Now the second point I wanted to make relates to Section 4 and the amendments the Member for Cardston has made, and also to Section 22(1), the amendment that has already been referred to this evening. It says "Any property owned by the Government of Alberta may be sold or transferred to the company with the approval of the Lieutenant Governor in Council." And a few minutes ago the minister stood up and said, we have no intention of doing anything other than selling.

Well, if that's the case, then for Pete's sake let's put it in the legislation. We meet twice a year now. This cry of the need for flexibility - when we're getting this company off and running, let's get it off on the right foot. If in six months' time you come back and say, we have to change it for this reason, based on this experience, then that's a much sounder approach than to start with all this kind of flexibility.

I think it's essential that we guarantee Albertans the opportunity to invest. And the best way, the substantive way, to do that is to change the "may" to "shall" right at the start in Section 4.

AN HON. MEMBER:

Hear, hear.

MR. GETTY:

Mr. Chairman, the "may" is really in there because there may be, for instance, preference shares, preferred shares. The preferred shares would not have any voting rights and they may, in some cases - you know, we're looking at a company that's going to be operating in this province for many years in the future - want to place preferred non-voting shares with an institution or something, but there's no voting equity, no common stock, involved in that. Or they may find there are only Albertans owning shares in the company and they may want to give those Albertans the right to purchase shares. So you give the existing shareholders of Alberta the right to purchase shares. There are, in fact, some tax benefits to the shareholders that they may wish to use.

So we have put "may" in there. It seems to me that with the government policy statement that they should go [to Albertans] first, it may be that we could consider whether it should be "shall" on all common or equity shares and "may" on preferred. But even that could harm the flexibility to give rights to the shareholders, the rights to purchase more shares. If we find that we can do it a different way in the future, I think we might be able to change it, but I suggest and I urge that hon. members leave the flexibility in the bill. We're dealing with a bill - there hasn't been a bill like this before.

MR. CLARK:

Just continuing the point. The government says its policy now is to guarantee Albertans the first opportunity. Then, let's implement that right in the legislation in Section 4. If you have to bring in some other section, another amendment to the bill to deal with the problem you raised, all well and good. If you have to bring in something in the fall or next spring to do that, let's do it after you've had some experience. But let's make it clear so the people of Alberta understand, so the companies doing the marketing understand and so people outside of Alberta clearly understand that there's no willy-nilly about it at all, that it's not a matter of government policy; the Legislature has said Albertans "shall" have that opportunity.

I think members on both sides have expressed concerns about, shall I say, an influence from the neighbouring provinces east and west. As I said in my remarks in second reading, if as a result of this legislation virtually thousands of Albertans who are part of the lunch-bag brigade end up being shareholders in the Alberta Energy Company, then the minister and the government deserve a great deal of credit for it. That's the strongest possible protection we can have as Albertans against ownership or control slipping outside the province and the country. We have a chance to just make what I think is a splendid first step here and I'm very convinced that the way to do that is to change "may" to "shall" from the very start. We can come back in six months or a year's time and if we have to deal with situations then, the minister can surely bring them to the House and we can certainly deal with them.

MR. NOTLEY:

Mr. Chairman, I am wondering - just following that - whether the minister would consider holding this section and perhaps discussing it with officials in his department to see whether or not the "shall" might at least apply to equity shares.

Just a couple of comments on it. If we were dealing with a Crown corporation, which we aren't, it would be a fairly straightforward proposition. But, Mr. Chairman, we are dealing with a company here, 50 per cent of which is going to be owned by the government and 50 per cent by individual shareholders. Therefore, because it is a company as opposed to a Crown corporation which is totally publicly owned, it seems to me that we, as legislators, have to give some considerable attention to the rules of the game as to how these shares will be divided and how they will be held. While the minister says with some validity - and I can appreciate his comments - that you can't put all the crossing of t's and the dotting of i's of a marketing scheme into legislation, nevertheless I don't think the amendment which has been proposed by the Member for Cardston does that. It seems to me that what it does is more fully expand the area of who can buy shares and outlines some of the measures needed to protect the rights of people buying shares.

Now I know the minister, when he introduced the bill, made reference to the position paper and the position paper talks about some measures designed to attract investment from Albertans. The suggestion was made of people buying shares on time and what have you. But, Mr. Chairman, I'm still concerned that this is going to leave a very large number of people, especially low-income people, in a position where they simply just won't have a practical opportunity to purchase shares. They will have a theoretical opportunity but they won't have a practical opportunity.

The suggestion made by the member when he moved the amendment, that the section here allows people to state they intend to purchase shares but they don't have the money at the time, is - at least it seems to me - one way of allowing people to participate who are, for one reason or another, temporarily short of money.

The other point I would like to make, Mr. Chairman, relates to Section 22. I think we have to really look at both sections together before we can vote on Section 4. The concern has been expressed, and I think properly so, that whatever the energy company picks up is not going to be as a result of competitive bidding but as a result of some sort of arrangement between the Department of Mines and Minerals and the Alberta Energy Company. Presumably, money will exchange hands, but on what basis is it going to be undertaken? On the basis of private consulting reports? It's not going to be on the basis of free competitive bidding? There is going to be at least some danger, it seems to me, Mr. Chairman, that that transfer will yield less to the public. At the very least we probably won't get the cash bid results which we would if it went directly to the private sector.

It seems to me that there has to be some difference here or there would be no point in the Alberta Energy Company going into Suffield at all.

The problem that arises then, Mr. Chairman, and relates back to Section 4, is that if the government were handling it directly, the benefits, the lowest bids, the rentals and the royalties would all accrue to the public treasury, would be shared by all Albertans equally through the government. Whatever portion of that saving or difference goes into the energy company is now going to be shared 50 per cent by the government but 50 per cent by those people who are fortunate enough to be able to purchase shares. Some of them will be Alberta residents - we hope most of them will be Alberta residents - but some of them will be companies and people who live outside the country.

There is a danger of clearly transferring [benefits] from the public sector, where the benefits accrue in total to all the people of Alberta, to an agency where at least some of those benefits will accrue to other than the people of Alberta.

Mr. Chairman, that is why Section 4 is important. If that's going to be the name of the game it's even more important that we make sure every single obstacle to Albertans having an opportunity to invest is removed, and indeed that we go beyond that. I think we would have to go beyond the propositions put forward in the government's position paper if, in fact, we're going to go the route of a company where people are going to be encouraged. Perhaps we're going to have to cash in on the Member for Calgary Bow's proposal of "people's capitalism" or something. If this is the route you're going to go it seems to me that some effort has to be made in a realistic way to open up the investment opportunities for the very large number of people in Alberta who just never consider investing, they are just not in that category. Mr. Chairman, the concern I have, when I look at the bill as it presently reads, is that we aren't providing sufficient scope for that objective.

AN HON. MEMBER:

Agreed.

MR. HINMAN:

Mr. Chairman, I want to make a few more remarks. I assure the House that never have I been more concerned with getting politics out than I am in this bill. This is a unique bill.

I'm going to treat first the definitions in Section 1. We didn't propose [an] amendment, but it simply says that a person includes an individual or a group of individuals, a partnership, a body corporate and any government or government agency. Immediately they qualify under Section 4 because a resident means a person. It means any of these people who make their home and are ordinarily present in Alberta. When you leave a thing that loose you're just going to have a terrible time administering it.

I want to point out the reason I would like some age limit in there. You have about 1.72 million people in Alberta; you have approximately 8 million who are over the age of 18. I'm sorry - 800,000. The point is that each day new Albertans are moving in perfectly validly and there are babies being born. Our experience, when we did Alberta Gas Trunk Line, and we were pretty naive as we look back, was that a fellow with money went to his sister who had 12 kids and said, look, I'll put up the money and you buy shares for all these kids. I'll give you \$100 extra and take the shares. Nothing prevented that and it will happen again. The family that is on its toes - and I assure you not many families are, in their day to day living - will grab these up and will have arrangements how to handle them all over the place. I think it is not wrong to say age 18, particularly if all the shares are not offered in the first issue. That means that after some experience, by amendments to this bill we could provide for new residents in the province to have the first crack at the next issue. Now, in addition I submit these are people we are concerned about.

I don't think we are really concerned, in the first round at least, with being sure that every government agency, every municipal government and every hospital government buys shares in this company to use as reserves. I don't object to them having them. But that is not our objective. I think the minister agrees with me on this point. The first objective is to have the individuals in. However, we don't need to worry about that particular thing if we are careful about what we do.

Now, when you get to Section 4 it says "the Company may" and I would go along with separating the two classes of shares. When you do offer preferred shares, which in the end are simply notes, they have a preference in what is called a dividend, which in other words is simply interest. It may be very much to our advantage for the directors to offer these in big blocks which could only be purchased by probably bigger investors in and out of the province. If you want to separate that, I think that is all to the good.

But I am very concerned that we leave no doubt that every Albertan is going to have a chance. As I said before, I'm not concerned about the age being 18. But I think you have to have some regard for the legal age for people to do things on their own. Of course, these people get a year older every day - or every 365 days.

Now, he said, we want this to be able to respond to the market. In my previous submission to the House I was very concerned about a secondary market. It is through the secondary market that you are going to find people all over Canada getting these confounded shares. Maybe I should call them very desirable, instead of confounded shares. They'll qualify by having branches of companies in Alberta and all kinds of things.

I was concerned about a secondary market but I am quite willing to let that go for the time being, knowing that when we have had some experience we can probably change it. But I do think that the market will respond just as easily if you do it the way we have proposed, as if you don't.

The 90-day delay is just going to let the market sizzle. The demand will be known. After 90 days these shares are awarded. It might take a bit longer for them to get in people's hands. At that time people can sell them if they want to. I don't propose to make them keep the shares whether they like it or not.

One of the reasons that we have proposed that you have a deferred share right is simply that there will be many Albertans who, in their naivete, may not subscribe at first. Suppose they know that within three years they have a right to take these shares and that within two weeks after the shares are on the market they've doubled. These people have the right to go to a bank, borrow money, take up their shares, sell them and make a profit. Now if they are silly enough to do that, that's one of the rights we must let them have. But it is important that the market seek its own level.

Now the other thing this bill provides for is a distinct number of shares and a distinct limit on capitalization, which means that second and third issues almost have to be at the same price as the first issues. Now, that being the case, it is very important that you qualify those who can buy these shares on successive issues.

He said he wants this to be like every other company but, in the very act, we say it doesn't have to be. It doesn't have to submit itself to any other legislation, particularly The Companies Act. If it did, we could control some of these things.

Now, I am just going to sum it up like this. If you want every Albertan to have a chance, there is only one way to do it and that is to have some age limit and to offer the shares in successive issues, not all at once. There is only one way to be sure they can all participate and that is to provide for an application which doesn't have to be accompanied with cash. The only way you are going to give them an equal break is to have a period in which they can take them. This is one of the rights offerings the hon. minister mentioned.

If you do it that way, then all the people who are currently qualified will have an equal chance. If the market reflects, as I think it will, the true value of the company, at least people who haven't got much money will have a chance to take a profit rather than later crying, sure all those people who had money had a good chance, look at the money they are making.

Now if they have a chance to take up their shares when they are at a high price by simply borrowing money and selling them the next day, then they - to use the old term - can't bellyache. Now these are serious considerations, Mr. Chairman. I don't want them to be considered political. I want them to be considered as the necessity of spelling out in the act some of these safeguards. If you don't, the government will come in for fair criticism. We own 50 per cent of the shares, we appoint 50 per cent of the directors, and 50 per cent is a dangerous figure in itself in that you can create a stalemate. All the other directors, unless you have more from the government, can vote against the government and then you have to take it back to the Legislature and provide some new power.

Now I take it the government doesn't want to control it that way. I take it they want to appoint good directors, experienced people. They want to keep informed, they want the directors to know their policies, to know what we expect and then to trust them. But I think it is necessary in the act to spell out certain things to make darn sure that the objectives upon which we have all agreed cannot be subverted by anybody at any time.

MR. GETTY:

Well, Mr. Chairman, the hon. member who has just spoken has a different concept of the company than the government and, as he says, the protection he wants to build in would frankly become restraints that would prevent Albertans from getting the kinds of benefits and the kind of opportunity to buy shares and have them appreciate in value which the government sees as the concept of this company. I'm sorry, it was the caution we raised on second reading that if you, in good intentions, build in all kinds of little strings on the sale of the shares then, in fact, people don't want them because of the strings and you end up with them not reflecting the real value. So I must tell the hon. member that we must urge the Assembly to not vote for his amendment.

MR. HINMAN:

Mr. Chairman, I just fail to see how it's going to affect the market of these shares. Once they are in the hands of the people they can sell them, and it's a matter of who bids the most and who wants to sell. It's the old stock market. I just can't see how it can help but benefit all Albertans, and the way we're proposing assures that those who couldn't buy the shares at the moment can, when they see an immediate profit, take advantage of it rather than leaving that advantage to just those who did have the money. I am sorry I can't agree that this is in any way limiting the ability of this company to do good business. I just can't see it.

MR. STROM:

The point I want to bring out again which to me is very important - the hon. minister talks about the effect which it would have on the shares. I think on second reading I tried to bring out the fact that the government, by bringing in this bill, setting up the energy act and providing direction through the policy paper, as to the investments that will be made, will in fact have a reflection on shares that far outweighs the point the hon. minister is making at this time. The very fact that the government has set up the bill, the very fact that the government is directing as to the first investments, is in itself going to say to Albertans, get into it, you can't miss.

Now, if the hon. minister shakes his head and says no, then I say he is going to really not have very much faith in the company which he is setting up, because I am sure he is convinced. I know that the policy paper says there is no guarantee. I've heard the hon. the Premier say there is no guarantee, but in the minds of every Albertan they are going to be convinced that this can't miss. This is why I have a very great deal of difficulty, Mr. Chairman, in following the argument that there will be a reflection downward on the shares. I just simply can't follow it.

MR. GETTY:

Mr. Chairman, just let me refer for one moment to the hon. Member for Wetaskiwin-Leduc when he talks about closed-door transfers of energy resources. First of all, in the open bid situation - really the hon. member has been in the business long enough to know that quite often what is happening on a bid of Crown sales is that one company is drilling a tight hole beside a large body of land and that is the only company that knows anything that's there. It's...

MR. BARTON:

What about the money?

MR. GETTY:

... out for a bid. They put up what they want to put up because the other people have none of the information. There's no guarantee that the government in the case of the ordinary Crown sale is getting anywhere near, anywhere near the value that's under the ground. In the case we're talking about you get an evaluation in advance, you get independent evaluations and then you get a government that is on the line as to whether it does it fairly or not. So I think the hon. member is just full of baloney on that issue. He's tilting at windmills...

MR. LUDWIG:

Arrogance!

MR. GETTY:

... and doesn't know what he's talking about. Frankly, as far as the hon. Member for Cardston [is concerned], every time he builds in a control, any more than the absolute minimum controls, he restricts the marketability of the shares. When you restrict the marketability of the shares you remove them as an attractive vehicle to some people. So if they don't buy the concept they should vote against it. But we believe in the concept and let's have the vote.

[Two members rose.]

MR. DEPUTY CHAIRMAN:

Mr. Hinman is first, and then Mr. Henderson.

MR. HINMAN:

The only control I am proposing is in the original Albertans getting the first chance. From then on anybody who is eligible can bid. Now if that's going to have any effect on the market, I just fail to see how. It's no more a restriction than what you have said is your government policy. You want every Albertan to have a chance. Well, he's got his chance when he gets it. Now, from there on the market's wide open. He can sell it if he wants to. Nobody is stopping him. Anybody who has the money can bid as long as he qualifies under the act as you now have it.

AN HON. MEMBER:

Agreed.

MR. HENDERSON:

Mr. Chairman, I'd like to respond to the comments of the Minister of Federal and Intergovernmental Affairs about baloney. I have to suggest to the minister his remarks constitute coming as close as anybody can to a deliberate exercise in misleading the House. The Crown has the right and the prerogative of deciding when they put the leases up for sale. If they're stupid enough to put it up when there's a tight hole and only one bidder, well then, who could be so foolish - that's the Crown's prerogative.

Secondly, they don't have to accept any tender. So what the minister says is absolute nonsense. Who on earth, in their right mind, is going to do a stupid thing like that if they've any brains in the government: put up an acreage with a tight hole beside it, let one bidder bid on it when he's got the information and then accept the bid?

First, if they've any brains they don't put the acreage up under those conditions. Secondly - and if this government's doing it then they had better look at what they're doing - if they do get a bid in, they don't accept it if they don't think it's reasonable. So the statement the minister has made is absolutely misleading insofar as the procedure, the process and the control the government has over it. If that's what this government is doing with mines and minerals, and putting acreages on sale under those



terms and conditions, well then they'd better give it all away because that's what they're doing with it right now. That's absolute mismanagement of the resources belonging to the people of the province of Alberta. That's even worse mismanagement than the bill.

SOME HON. MEMBERS:

No, no.

MR. RUSTE:

Mr. Chairman, I notice on the other side they say "no, no." But I would like to ask the minister a question. We've been relating to shares. What is the commission that the outfit selling these shares will be getting percentage-wise?

MR. GETTY:

Mr. Chairman, it appears that the commission will be something under 4 per cent. We haven't struck the final arrangement with them but it appears it will be something under 4 per cent.

MR. CLARK:

Mr. Chairman, just following the minister's response to the Member for Cardston. Would the minister, in looking at the amendments the Member for Cardston introduced, point out specifically which of the seven amendments or sections under Section 4 (1) are going to cause this restriction that you talk about, so that there won't be this trading of the shares?

MR. GETTY:

Mr. Chairman, each one. For instance, a person holding less than 5,000 is involved. You have put a restriction there. But frankly we have, Mr. Chairman, a group that is coming up with a marketing program. We want that marketing program to fit the conditions in Alberta; we want it to get the shares to every Albertan who's eligible. We feel that by leaving the bill in the flexible way it is now we will have that.

I appreciate the hon. member's concern after having gone through his Alberta Gas Trunk Line experience and his unhappiness with some of the people who beat the system then, but I'm telling him that we think we can prevent them from beating it again.

I just say, Mr. Chairman, that the hon. members can vote either for or against the bill.

MR. CLARK:

Mr. Chairman, just following that along. Is the minister saying that because there's a restriction in the former amendment that we're opposing that says eligible Albertans placing a maximum of 5,000 shares and how many Albertans can acquire at the outset, that's going to prevent the trading of the shares? Is that what the minister is saying?

MR. GETTY:

No, Mr. Chairman. What I'm saying is that the hon. members have their views on how they might be marketed. We have ours. They're not the government and we are. We have a bill that proposes, along with a policy statement, our position, and there it is.

MR. CLARK:

Mr. Chairman, the undiluted arrogance can continue if the minister wishes, but what we're asking you is to put the kinds of things you're talking about in the legislation. You won't even go so far as to put a legislative guarantee in this legislation that Albertans are going to have the first opportunity.

MR. GETTY:

Mr. Chairman, I already said that I would like to check on the "shall" going in on common shares.

MR. CLARK:

Then can we hold Section 4 until you have ...

MR. DEPUTY CHAIRMAN:

Would the hon. member address the Chair please?

MR. CLARK:

Yes. Through the Chairman, will the minister agree to hold Section 4 until you've had a look at that?

MR. GETTY:

We may be able to have it cleared up tonight while we proceed. That's why I suggested we go on through the rest of the bill and leave Section 4. We're checking right now whether we can have "the Company shall on any offering on any of its common shares, offer such common shares in preference or priority to residents of Alberta".

MR. DEPUTY CHAIRMAN:

Is it agreed we continue with the other sections then?

SOME HON. MEMBERS:

Agreed.

MR. DEPUTY CHAIRMAN:

Holding Section 4.

MR. HINMAN:

Just one more remark. The limit of 5,000 shares is only in the initial distribution and can have no effect on the market thereafter. We have been very careful to leave the market wide open after the initial distribution. I just can't see anything in this that in any way limits the reaction of the market once these shares are out there.

#### Section 5

MR. WILSON:

Mr. Chairman, would the minister advise why he needs to restrict the notice to 30 days? For example, a shareholder could be on holidays or even working away from home or be ill. Further, it doesn't even stipulate that the notice has to go out by registered mail. The shareholder in effect could have his shares declared in contravention of the charter without even having received notice from the company. Would the minister elaborate on the reasons for this section being so loose and being actually stacked against the best interests of the shareholder?

MR. GETTY:

Mr. Chairman, would the hon. member say which clause he is referring to?

That is Section 5(6)?

Mr. Chairman, it's our advice that 30 days is sufficient. I might point out to the hon. member that whether or not it is in 30 days is not - the person doesn't have to get it in 30 days, but that is there for the board.

All that Section 5 does, really, is try to control the people who can hold the shares in line with the Legislature's agreement. In other words, we want the company to be owned by Canadians. This whole section is for that very reason. The board may ask for a declaration within 30 days. I'm advised that that is a reasonable number of days. I suppose the hon. member could say 90 would be longer and therefore better, but we had to pick a certain number of days. I'm advised that 30 is reasonable.

MR. WILSON:

Mr. Chairman, would the minister advise why it doesn't stipulate that the notice is sent by registered mail so there would at least be some assurance that the shareholder would get the notice. This does not even provide assurance that the shareholder ever gets the notice. He could even show up at a general shareholders' meeting and exercise his voting rights and then the board of directors could declare everything that happened at that meeting null and void as is provided for further on in the bill. There should at least be assurance that the shareholder gets the notice if his shares are going to be declared in contravention of the charter.

MR. GETTY:

Mr. Chairman, actually this section is working now in the banking system. We went to borrow some of the knowledge that had been established in the banking system. The financial institutions now, where there is 10 per cent, can be held by certain groups outside the country. We built it along these lines. As I said, it is open to debate, but it's trying to build in the controls that will make sure there are sufficient roadblocks towards people who are not Canadians, or residents of Canada, from holding shares. It will be very clear, I think, in the minds of those who are going to buy shares of the Alberta Energy Company that they do so at their risk if they are not the people who should own shares. That is the only time that these clauses will come into effect.

MR. WILSON:

Mr. Chairman, either the minister is floundering around and doesn't know what to answer or he is trying to confuse the issue by bringing in lots of tangents and red herrings and whatever else, but why does he not provide assurance that the shareholder gets the notice?

Now look, you're going to declare the shareholder's shares as being held in contravention of the charter. In other words, the minister is saying - I'm not arguing about the principle he is trying to put in this bill - that he's going to declare everybody non-Canadian if they don't get the notice and they don't reply. That just doesn't make sense. He's not giving the shareholder a fair shake or even a chance at proving he's a legitimate shareholder if he doesn't get the notice in the first place. There is no provision for assurance that the shareholder ever gets the notice.

It's damn foolishness to talk about the principle of the thing when we are trying to pin down the guarantee that the shareholder gets the notice.

MR. GETTY:

Well, Mr. Chairman, no companies' bills carry in them the administrative practices of the company. I think the board of directors, being responsible people, will do everything possible to make sure the shareholders get the notice. I think the hon. member is right when he says we should do everything possible to make sure they do, and I am sure the board will, because it is a very serious thing when they declare someone in contravention. Therefore they will do everything possible, I am certain, before they do that.

AN HON. MEMBER:

Get the word from up there.

AN HON. MEMBER:

Up there?

[Section 5 was agreed to.]

#### Section 6

MR. WILSON:

Mr. Chairman, on Section 6(4). The powers that are granted to the board of directors in this section are certainly unusually wide powers, particularly with respect to the information they can get from the shareholders, but to veto any resolution passed by the shareholders at a general meeting of the company? It seems to me it is a possibility, a very distinct possibility, that a shareholder could have shares and hold them in contravention without even realizing it.

But what's even more disturbing is that the board of directors could plant a guy with one share and allow him to vote in contravention for the purposes of voiding all of the resolutions passed at a general meeting of the company.

I would like the minister to explain why these unusually wide powers are being granted to the board of directors - so they can rule out any resolutions passed by the meeting of the shareholders because of one share being held in contravention.

MR. GETTY:

Mr. Chairman, they are stiff controls, I agree. But they are necessary because we want to make sure that we have this company's shares held by Canadians and Albertans. So

we are building in stiff controls and those controls will be something anybody who purchases the shares will have to be aware of. That's why they are there.

MR. WILSON:

Well, Mr. Chairman, it's one thing to have strict controls, but it's another to have common sense. Think in terms of what the effect will be on the market of the shares when the shareholders realize they could have their voting rights ruled out and they could be declared having their shares in contravention of the charter of the company because the company didn't give them notice in the first place. Their shares [don't make them] eligible to vote, they go to the meeting not realizing it, they exercise their votes and the board of directors declares everything that took place at the meeting null and void. That's a great way to set up a tightly controlled company!

That, to me, is defeating what you are actually trying to accomplish in the first place. I think this section certainly needs to be tidied up considerably because the explanations to date haven't been anywhere near satisfactory.

MR. BUCKWELL:

Mr. Chairman, I just want ask the minister a question. If these shares were on the market, say the Toronto Stock Exchange or the Alberta stock exchange, would these rules still apply to the buyer? This is unique, say, from other shares that are trading?

MR. GETTY:

Yes, Mr. Chairman.

[Sections 6 and 7 were agreed to.]

### Section 8

MR. WILSON:

Mr. Chairman, here again we've a very, very strange situation. The board of directors can actually set out to declare - I'm not saying they will but they can, the way this is set up, declare somebody's shares held in contravention - they can purposefully set out to get his shares away from him, any length of time after he purchased them, for the lowest price of the shares, what he paid for them or what they traded at.

This to me does not seem fair, particularly when on the other hand the company stands to get back at any time when redeemed the average price they paid for their shares. I'd like the minister to explain how he can justify taking such a hard line with the purchaser of the shares in redeeming his shares, particularly when there is no proof that the purchaser did anything to lose or suffer in the transaction.

MR. GETTY:

Well, Mr. Chairman, I'm going to repeat for the hon. member that these are stiff controls. They would be exercised, I am sure, by a board of directors - and I don't know why the hon. member thinks we would have a board that isn't responsible - a board of directors who would exercise them as a last resort. They are for a breach of the act, a breach of the provisions and desires of this Legislature. Therefore, if there were a breach and a person insisted on breaching this act, then in fact it is really an expropriation of the shares from the person.

I would hope that it would almost never happen, and I'm sure any board of directors would do it only as a last resort. They will in fact finally say to the person, look you now, we have to expropriate the shares from you for the lesser of issue or market. And that is pretty strong. But it has to be strong so they will not breach the act.

MR. WILSON:

Well, Mr. Chairman, we have a situation here where an Alberta resident, through no fault of his own, two or three years after he has bought the shares and perhaps [after] a very large appreciation in the value of the shares, has his shares taken away from him at his initial purchase price because the company failed to notify him that they wanted the information about his background, as provided here. They didn't send it by registered letter. The notice to the shareholder gets lost in the mail some place. A few years go by and then the company steps in to redeem his shares.

That is not playing fair in any way, shape or form and I can certainly begin to see now why this company is exempt from the control of The Companies Act, because no other

company could get away with that kind of nonsense. It is ridiculous to take an Albertan and have his shares redeemed at perhaps a half or a third of what they are really worth through no fault of his own. In fact it may be through a fault of the company. I don't think this provision is anywhere near the way it should be prepared. I don't think it's fair to the shareholder. I think the minister should certainly take this one back and have another look at it.

[Sections 8 through 13 were agreed to.]

#### Section 14

MR. WILSON:

Mr. Chairman, on Section 14, we have never had any kind of reasonable explanation whatsoever from the minister as to why on earth he presented the articles showing that the company could pay 25 per cent commission to anybody. We have never had any explanation at all as to why such a foolhardy document was presented to this Legislature. Why the minister would suggest that \$125 million could be paid in commissions to the whole Tory caucus and they could divide it up equally and go to Cuba or wherever - you know, wherever people take money ...

AN HON. MEMBER:

Switzerland.

MR. WILSON:

... and they shouldn't go to. Because that's a ridiculous situation, to present documents, Mr. Chairman. The Memorandum of Association would show that the company could pay a 25 per cent commission to any person. That's absolutely ridiculous and I can't understand why such a loose approach to this whole thing has been taken. If the government were really true and sincere in trying to accomplish something for Albertans, you would think they would have given some more thought, some more care and some more time to the preparation of the documents they have tabled here, Mr. Chairman.

You know, Mr. Chairman, a 25 per cent commission is something that you associate with a highly speculative gold promotion or something like that which just has no chance of success in most instances.

So, Mr. Chairman, I'd like to move an amendment to Section 14, by adding after subsection (1) the following subsection:

(1.1) Notwithstanding anything contained in the articles of association of the Company, any commission payable in respect of subscriptions for shares of the Company shall not exceed 2% of the price, and in the case of shares purchased by the Provincial Government, there shall be no commission.

AN HON. MEMBER:

Hear, hear.

MR. GETTY:

Mr. Chairman, we did discuss the commission feature earlier. As a matter of fact I pointed out to the hon. member it was a standard set of articles that the company was incorporated under. I did point out to him that the articles can be amended, as a matter of fact, by any board of directors at any time. It has nothing to do with this bill.

Mr. Chairman, I should point out that 25 per cent is high. I agree. We're talking about under 4 per cent.

As a matter of fact, I should also point out that when the Alberta Gas Trunk Line came through it didn't even have a limit of 25 per cent. They could have paid 100 per cent in commission. They never even thought of it.

In any event, Mr. Chairman, we will discuss with the interim board of directors reducing the amount in the articles to something under 10 per cent, but frankly it has nothing to do with this bill. The reason Section 14 is in here, making The Companies Act not apply, is in fact that commission will not go to the company for shares sold to the government.

MR. WILSON:

Well, Mr. Chairman, if the articles had nothing to do with the bill, what on earth did the minister table them for? Hell, what did he do, pick them off a shelf as he walked through some lawyer's office or something and say, these are standard, we'll just throw them in to confuse the Opposition? What kind of gobbledegook is he trying to give us? If he says that this isn't a standard kind of company, which it sure isn't, what's he doing then throwing in standard Articles of Association?

Has he not given any thought at all to what he's trying to do with this company, or how he's trying to get it organized or set up? It looks to me like half a dozen guys have got together, thrown in a bunch of ideas, churned it all out, and given it to some poor secretary to type up. We've had it presented here as the greatest saviour of the people of Alberta. This is going to be the major plank in the re-election platform, by cracky.

You know, Mr. Chairman, they should take a little more time and care in what kind of junk they table in this Legislature for us to consider in the form of legislation. I'd like to hear some of the hon. members opposite who have had something to do with forming companies get up and speak. I'd like to hear from the hon. Member for Calgary Buffalo, for example ...

AN HON. MEMBER:

Hear, hear.

MR. WILSON:

... who is a well-known director of a public company, an oil company at that, who has prepared Articles of Association for many companies and has had a lot of experience. I'll bet you he doesn't charge a fee if he ever turns out shoddy work like this, Mr. Chairman.

Furthermore, where's that other lawyer from Calgary West, the Premier, tonight? Here we are dealing with something that's supposed to be the greatest thing the Tory government ever did in their first term of office - at least that's the way it has been staged, managed and promoted and so on - and he isn't even here to participate.

Where's that other lawyer, that other oil man, from Calgary Foothills? Here we're talking about a great document, and all we're having to deal with is errors that the government has made in putting this thing together.

Mr. Chairman, I'd like to hear a good reasonable explanation why this thing was presented to us in the manner it was. Just to say that it was a standard document, that it doesn't matter anyway, isn't good enough.

AN HON. MEMBER:

Hear, hear.

MR. GETTY:

Mr. Chairman, I'd just say one thing to the hon. member. It's always something I've observed, that when the government or somebody comes up with something - you know, something you've overlooked yourself and you wish you had done yourself - and it really bugs you when they've got something they know is very popular with the people, and it just irritates the heck out of you, the one thing you should do is yell and shout a lot because then you don't have to talk about the principle of the thing.

Frankly, Mr. Chairman, I'm sure the hon. member should be able to make a more valid contribution to the debate on this bill. It's sad that when he has participated it has been in such an insignificant manner.

MR. WILSON:

Well, Mr. Chairman, it's certainly great to see the hon. Member for Edmonton Whitemud draw himself up to his highest level of arrogance and with a tear in his eye tell us how sad he is.

DR. BUCK:

His display is pretty sad too.

MR. RUSTE:

Mr. Chairman, as one of the members in this Assembly ...

MR. DEPUTY CHAIRMAN:

Order please.

MR. RUSTE:

... we have had made available to us several documents. For the minister to get up here and say it has nothing to do with the bill, I think, is the utmost in deception.

I have here with my bill an outline of the energy company. It starts out as follows: "In setting up the Alberta Energy Company the government has been motivated by three objectives." Then there is another one, "The Alberta Energy Company ...", which is a much longer one. Then the final one: "The certificate of incorporation ...", and that spells out on it the Alberta Energy Company. Not only that, but it spells out signatures of a Mr. McFarlane, Mr. Vant, Mr. Collins, Mr. Ritchie, Mr. Lomas and a Mr. Mellon. Certainly, Mr. Chairman, if this isn't pertaining to the bill I'd like to know what is pertaining to the bill. For the minister to make a statement like that, is just plain balderdash.

[Interjections]

MR. LUDWIG:

Mr. Chairman, I believe it isn't sufficient for the hon. minister to try to put someone raising ...

MR. DEPUTY CHAIRMAN:

Would the hon. member like to take his own position in the House please.

DR. BUCK:

Where, Mr. Chairman, does it say that you must sit in your seat? Can you show me that section?

MR. DEPUTY CHAIRMAN:

A member, when he starts to speak, must rise in his place in the House, Dr. Buck.

DR. BUCK:

Which rule, Mr. Chairman? Which rule, Mr. Chairman?

AN HON. MEMBER:

Go back to your seat.

[Interjections]

AN HON. MEMBER:

Show us the rule.

DR. BUCK:

All I'd like to know is, what rule?

[Interjections]

AN HON. MEMBER:

Try again, Walter.

MR. LUDWIG:

Mr. Chairman, I don't think...

DR. BUCK:

On a point of order. Which rule were you quoting, that a member must rise in committee, or even in the House - I would like to know, which section?

MR. DEPUTY CHAIRMAN:

Dr. Buck, [as a] matter of expediency, I'll look it up and give it to you tomorrow.

DR. BUCK:

Thank you.

SOME HON. MEMBERS:

Oh, ch.

MR. LUDWIG:

Mr. Chairman, I do not feel I need to take issue with your ruling. It really does not matter. I'm here now and I want to make ...

AN HON. MEMBER:

Sure you're here.

MR. LUDWIG:

Yes. I'm sure the Speaker might straighten you out but I don't think you could find the rule that you're quoting right now, Mr. Chairman.

By the way, I don't think it's sufficient for the hon. minister to stand up and try to put an hon. member, asking a legitimate question, on the defensive and avoid answering a question. I believe that an explanation is necessary and the person to give it is the hon. minister. He's of the opinion that we should know everything there is to know about this company. The sad reflection is that he himself doesn't appear to. We're looking to him for explanations. Now if he says, I'm not going to explain anything any more if you hon. members don't understand, that's too bad. That's what he means and that's the height of arrogance, Mr. Chairman.

Mr. Chairman, if you're so concerned about enforcing the rules, tell the hon. minister, Mr. Foster, to tone it down a bit. He's awfully sharp on his seat but dull on his feet when he gets up. He's right beside you, so let's have the decorum in this House that you ascribe to and let's get on with the job, Mr. Chairman.

[The amendment was lost.]

[Sections 14 and 15 were agreed to.]

#### Section 16

MR. WILSON:

Mr. Chairman, in Section 16, the personal knowledge of the directors with respect to the items listed there can be used to override sworn testimony and sworn information. Yet the directors would have no personal liability for any loss a shareholder or other innocent person might suffer because of the personal knowledge in the hands of the directors.

I'd like the minister, if he would, to try to explain why we have a situation where the personal knowledge of a director can be used to override sworn information of a shareholder to the shareholder's disadvantage.

MR. GETTY:

Mr. Chairman, again we have built into the bill very strong controls. If a director in performing his responsibilities, making this company run in the best way and trying to reflect the interests of the Legislature and the people of Alberta, knows that a matter he has before him is not so, then he is able to express that opinion.

MR. WILSON:

Mr. Chairman, there isn't even any appeal procedure whereby a shareholder can have the situation rectified in the event that he has been charged maliciously or without fact. There are no assurances that the shareholder can come up with the necessary financial resources to fight the board of directors in this situation. It isn't a situation of an individual versus an individual. Here we've got an individual shareholder perhaps against the whole board of directors. He certainly wouldn't have a chance unless he had the adequate financial resources to make his case, to even defend himself. It doesn't seem like a very fair arrangement for native Albertans; the good old electorate whom you're trying to help and support, to treat them in such a shoddy manner as Section 16 suggests.

[Sections 16 and 17 were agreed to.]

[Sections 18 and 19 as amended were agreed to.]



[Sections 20 and 21 were agreed to.]

Section 22

MR. HENDERSON:

Mr. Chairman, I'd like to make a few more remarks on some of the concerns I have about this section of the bill. I have to say it's really a major concern I have about the bill.

The Alberta Energy Company and the policy paper that was announced originally said they were going to acquire 50 per cent interest, I believe, in the utility plant at the Syncrude tar sands development and 80 per cent of the oil pipeline to handle Syncrude oil. That's fine.

It's really the question of the mineral leases, I think, that is the crux of the issue. I don't think anybody is going to rush to line up to buy Alberta Energy Company shares just on the basis of the return they get from a utility company. Basically the other types of investments are going to be regulated as a utility and the return that comes forth from utilities today is nothing very phenomenal. It's the question of mineral leases that, I think, gets down to the crux of the concerns I have about the bill.

I have already stated, Mr. Chairman, one of the reservations I have about the way the amendment to Section 22(1) is worded.

Really, I think, the major concern I have about the bill relates to the number of events that have transpired in the last two or three years to the oil industry and the effects they have had. I think that anybody who has any knowledge of the industry, and looking at the substantial capital investments that are involved in it, must appreciate that any industry putting up this type of capital has to look forward to some era of stability before it is prepared to undertake the substantial investments the industry represents. In the last three years there have been some unsettling effects. I think I'd go back first to the revision of the royalty agreements and the first exercise we went through in '72.

At that time there was a commitment made that there would be a ten year royalty review and we'd go to a five year royalty review. Then, in light of what the federal government did, they came along and the government had to change that, back off on that five year commitment and within one year revise the royalty agreements again. I have to endorse the action that was taken. Although it had unsettling negative effects on the industry, it was responsible action that was required on the part of the government.

When I look at the action the recent federal government proposed in their budget, on the assumption that the following government, whatever we have for a federal government, proceeds to make Crown royalty payments non-deductible for tax purposes, I'd like to suggest to the members that that action, if implemented, will probably bring the industry to a crossroad. In all probability a lot of the debate we're having over the Alberta Energy Company will become irrelevant, because if the federal government proceeds with that action, I don't think there's too much doubt that one will see the industry in Saskatchewan and B.C. completely nationalized.

I suggest there's going to be some pretty tremendous pressure in Alberta to move in that direction, because one of the facts of life in the oil business is that as soon as the industry quits looking or exploring for new development leases the end of the industry is in sight. If government action discourages further exploration and development, the industry is on the downhill run and we're looking towards the end of it.

If the industry, because of federal government action, follows through on some of the statements made by the other major oil companies that they're not spending any more money in the industry until the political situation is resolved - I must say it would be most unwise for the companies to make those statements, but they have. I think, in the middle of the federal election, it was most inappropriate, but they did make them. I think in the final analysis if the industry does choose, because of the tax policy of the federal government, not to proceed with further exploration and development, I see very little choice but that the Alberta government will have to also move to nationalize the industry.

Now I don't know if this scenario will transpire. The industry and the future of private enterprise in the oil industry in Canada are certainly at a very critical point. The next few months could determine whether private enterprise is going to continue to function in the oil industry in this country or not.

Even if some sanity prevails in the federal government and they don't kill the industry completely from a private enterprise standpoint, we have to come back to looking at the implications of the Alberta Energy Company. There's very little doubt in my mind that the effects of the Alberta Energy Company and the means by which the government proposes to transfer Crown mineral leases to the Alberta Energy Company through private negotiations will have a highly negative effect.

In spite of what the minister has said about a risk factor in the Alberta Energy Company, the safety factor the government has, to make sure the company doesn't get into trouble, is the price the Alberta Energy Company is going to have to pay for Crown mineral leases.

I have to come back again, Mr. Chairman, to saying that the procedure the government proposes to follow to deal with the disposition of leases, such as Suffield, and the continuing pressure that will prevail to follow through with the same manner of disposition of mineral leases, can only have - on top of the uncertainty that has been created by the change in the royalty agreements and the uncertainty of what the federal government is going to do - a further negative effect.

One of the reasons I feel so strongly about the wording in Section 22(1) is that I feel it's in the government's interest and in the public's interest, if they have any desire to see private enterprise continue to function in the oil business in the province of Alberta, to have the Government of Alberta make it abundantly clear that the government is not going to be using its position as mineral owner and as 50 per cent shareholder in the Alberta Energy Company to set up circumstances which create undue competition with the rest of the industry.

I think this can only be accomplished by having acquisition of mineral rights by the Alberta Energy Company dealt with through the regular channels of public auctions by the Department of Mines and Minerals. It would then put the Alberta Energy Company in the same competitive position as the major companies and any other company that's bidding in the province. Then there can be no argument about the fact that the government is yielding to political pressure to make really sweet deals behind closed doors for the benefit of the Alberta Energy Company in the interest of promoting its own political interest and so forth.

The only way I see the transaction being handled is by dealing with the transfer of Crown leases to the energy company through the usual bidding channels which are now followed and have been for many years and which account to a large degree for the success the province is enjoying in getting the return out of the industry, [that] is, through the method of public auction.

I therefore, Mr. Chairman, would like to move an amendment to Section 22(1). After the word "council" in Section 22(1), add the following words:

... provided that every interest in a Crown mineral lease acquired by the Alberta Energy Company directly from the government of Alberta shall be acquired only by means of competitive bid on Crown leases tendered for public auction by the Department of Mines and Minerals.

This simply puts the Alberta Energy Company in the oil business in the same manner as any other private enterprise operator within the province of Alberta. I think it will clear up any doubts about the intentions of the government. I feel this is extremely important right now because of the severe political instability that has been created partly by the province and certainly to a large degree by the federal government. Without this particular provision in the bill I can only see the action of the Alberta Energy Company having a further negative effect upon the active participation in the future of the private oil industry in the development of the energy reserves in the province of Alberta.

Mr. Chairman, I very sincerely suggest that the amendment is in the best interest of the public. I don't wish to suggest, in spite of what I said earlier in the debate, that the government is necessarily going to deliberately abandon its responsibilities in decision making and transfer of mineral leases from the Crown to the Alberta Energy Company. Under the circumstances I think there has to be some assurance given that the government is going to conduct the operation of the Alberta Energy Company at arm's length.

If the mineral leases are acquired by public acquisition, there will be the risk factor that the minister has talked about in the bill. The investor will have to appreciate that. In the absence of such a commitment there really is not going to be the risk factor. I just don't see how the government can resist political pressures to make these sweet deals that in effect would be like inside trading in any other exercise when they transfer mineral rights to the Alberta Energy Company as a result of private negotiation.

Quite frankly, Mr. Chairman, it is the only real reservation I have about the bill. I was concerned about its previous wording, that this is what the government was intending to do. It was going to make transfer by closed arrangement, closed agreement. Of course, Section 22(1) and what the minister said make it abundantly clear that that is the intention of the government.

I would ask the House to consider seriously the amendment, because it gets down to the crux of whether the energy company is a risk company or a guaranteed investment on the part of the people of the province of Alberta. If they are not going to compete with private enterprise in the business, it really isn't a risk company. I don't think there is any doubt about the fact that the industry is going to be most reluctant to embark upon a long-term period of acquiring acreage, taking out drilling reservations, when it realizes that the government, once they do prove up property, can by the means outlined by the minister transfer the mineral rights to the Alberta Energy Company.

I don't feel that strongly that this is the appropriate place to put it in, but it seems to me it is the appropriate place to put it in. With it in the bill, I think it will be a risk company, and I certainly can support the bill and support it wholeheartedly.

But in the absence of it, I can't. As I say I saw the Saskatchewan government, the CCF government in the early '50s, go through essentially the same exercise with these deals except they were going to give it to the co-op. That's exactly what they did and in the long run they had to back off.

Therefore I make the motion, Mr. Chairman, in the hope that the government will give it some pretty serious consideration.

MR. DIXON:

Mr. Chairman, in order that we can come to a clear decision on the amendment, I wonder if the minister would spell out what they mean by "any property"? It is my understanding that oil leases are leased rather than sold. I wonder if the minister - he must have some idea - could outline to the House the type of property they plan to transfer. I think we as members would then be in a better position to make a final decision on either the actual government amendment or the present amendment before the House.

MR. GETTY:

Mr. Chairman, the questions raised by the hon. Member for Wetaskiwin-Leduc are good ones and ones which the government considered at some length.

The industry, as he pointed out, has gone through a very difficult period when there has been an adjustment of the ground rules under which they are operating. I think they have had a legitimate reason to complain - not by saying that what was done didn't have to be done, because I think it was. I think we had to strike a new balance on what was a reasonable return to the people and still a reasonable incentive to the industry. I think as of April 1 that reasonable balance, as close as any human being subject to arguments can make [was made].

So the industry was pretty happy. Then, of course, we had the federal budget and the industry was pretty upset and uncertain.

However, in talking to industry about the Alberta Energy Company, they recognized that it was, by government policy, going to be a very unique vehicle in the province. We said it will not compete in the normal exploration and development programs in Alberta. We could not get the Suffield gas into the company if it was merely put on a bidding block because there would be no guarantee that the government would get it. It could be bought by somebody in Denver if it went out.

We have a unique situation with Suffield. The unique situation happens to be that there was some property overlooked. The government came to the Legislature and said, there is this 1,000 square mile block of potential natural gas and we are going to take the unique move of evaluating that reserve.

As the hon. minister, Mr. Dickie said, the government then decided to evaluate that reserve with the intention - having told the industry and the Legislature and the people - that having evaluated it they would pass it to the Alberta Energy Company, which still would not get into the everyday business of oil and gas in the province but would in fact, rather than develop Suffield itself, only be a holding company on this unique situation. Industry itself would then be requested to make offers or farm out proposals so that it would develop the Suffield reserves. The people of Alberta would have an opportunity in this unique case through the Alberta Energy Company to participate in the profits from that development, if there are profits.

Now I can appreciate the hon. member's concern that if the government was, in fact, going to say, okay, every time we see a hot lease in it goes to the energy company. The government has taken a policy position on that, as governments must. That's part of being in the government. The industry accepted the Alberta Energy Company and the way we laid it out.

I must just differ with the hon. member on that case. The industry said, okay, we can appreciate it for the situation in Suffield. It's an opportunity for Albertans of a very unique situation. Anything like that will probably not arise again. So they said under those conditions, with the government's policy statement that the Alberta Energy Company is not getting into the everyday oil and gas exploration and development business, they were prepared to accept it. And there has not been a strong anti-Alberta Energy Company reaction because of those government policy statements.

MR. HENDERSON:

I think the difficulty I have in following the arguments that are presented on it is when I hear the minister say the government isn't going to get it if private enterprise bids against it. Of course, we're starting from the proposition that the government has it already. Then the minister says, the government getting it, and then he says, the Alberta Energy Company is not a Crown corporation. I just can't quite follow the convolutions he is using in his wording here to try to present the thing. If the government would simply state their policy and put it in the act, I think the commitment would be far more meaningful. But when I read in the act that any property owned by the Government of Alberta that may be sold or transferred to the company, I quite frankly have to say that that substantially weakens the statements the government has made as to policy. When I hear the minister talking about the government buying something from the government, [and] trying to convince anybody that it is not a Crown corporation [because of] the risk factor involved, it just doesn't wash. You know, it just isn't credible, quite frankly.

So as far as not getting into the exploration business, my concern is that the way the government is going, unless it makes it abundantly clear in the act, it is going to be forced to get into it because nobody else will be in it. That's basically the whole concern I have about the issue. Quite frankly I think the concerns that have been expressed by some of the companies are very real and legitimate, even though they picked a poor time to express them. But if the government would simply take what it says is its policy and make it reflected in the act and plug the loopholes, I could go along with it.

But the wording of Section 22(1) very definitely does not, in actual fact, substantiate solidly what the government says is its announced policy. If they had it in the act that Suffield is the only acreage they are going to give to the energy company or go through this sweetheart deal on, well, I could even maybe buy that as a one-shot deal to get the company set up and functioning.

But, with 22(1) the way it's in here, I have to suggest that it definitely does not support, in actual wording in law, what the government says is the actual policy it has stated verbally. So all I'm asking is that we make it abundantly clear in the act that the act reflects in law what the government said its policy has been. Then there is no more trouble. If the wording is too narrow and the government is quite determined that Suffield is the only acreage it's going to [put] into the Alberta Energy Company in this manner, well, let's put it in the act. Then I think my worst fears and concerns about the future of the industry, and any negative effect it might have, would be largely alleviated.

MR. DIXON:

Mr. Minister, I'm a bit confused here. If the company is only going to take over Suffield and be a holding company with the industry doing the development, I don't see why the government doesn't hang on to it, in total, so all the people in Alberta share in it rather than just giving the shareholders of the energy company an opportunity. That to me isn't sound.

Now I wish the minister would explain to me what advantage there will be in bringing Suffield under the energy company if all the energy company is going to do is just be the trustee of that land and look for a deal. Wouldn't it be better to just leave it in the name of the Crown, where all the people of Alberta would participate in any profits that were going to be made out of Suffield, rather than putting in an extra middleman, which in this case is the energy company, whose sole purpose will only serve the shareholders of the energy company and not all Albertans, particularly those Albertans who decided not to go into the energy company.

I was under the impression when this bill was first brought out that the energy company was going to participate a great deal more. Am I correct in assuming that they are going to be more or less a trustee, to farm it out?

MR. GETTY:

Well, Mr. Chairman, the energy company is intended to be an investment company for the people of Alberta. It's true, as we said during second reading of the bill, that the citizens of Alberta have been participating in the energy resources of the province in an indirect way or a direct way, whichever way you want to look at it, through royalties and lease sales and rentals. There has been a strong feeling in the province that that industry happens to be 95 or 94 per cent owned outside this country, certainly outside this province.

There's a strong feeling among Albertans that many of them would like to have a more direct ownership in some of their energy developments. There happen to be the oil sands coming on stream and the government's policy that Albertans would be given an opportunity to participate on an equity basis there. At the same time, or almost, the Suffield block became apparently an energy development which was going to have to be dealt with in the province on a unique basis.

I'm sorry that I'm not getting the chain of thinking across to the hon. Member for Wetaskiwin-Ieduc. It's just my fault in expressing myself, I guess. Albertans will not lose anything. For instance, if Suffield were dealt with in the way the hon. member suggested, which I think would be to place it on the open bid basis, Albertans would get paid for it by the company. Let's assume that it's a company from Denver. They would get paid for what they think it's worth and they would get it. They would then get royalties on its development and they would get lease rentals.

Under the Alberta Energy Company proposition they would get paid for it, they would get royalties and they would get lease rentals, and then they would get the profits by being shareholders in the energy company on top of that. I think that's more. I don't think they're losing anything. This is the point I was trying to make also to the Member for Calgary Millican.

Having said that, having provided the company as an investment opportunity for Albertans, we did not want the company then to get into the operating phases, in other words the company running around the province drilling and exploring for oil and gas. Therefore we would ask them to participate in Suffield through the regular industry, by having an industry as a partner come in and provide the operations of the Suffield block.

That was the government's concept. It was explained well back when the Premier first announced the Suffield block and the energy company. It's a concept that is finding great favour with most members of the House and most Albertans.

MR. HENDERSON:

Mr. Chairman, if I could, I would like to just respond to the minister.

I don't basically quarrel with what the minister has said. What I am talking about is the way Section 22(1) is written. It leaves the door open for a continuation of that practice. That's my real concern - it's the Suffield thing. If it's going to stop there I can buy it. I don't have concerns about the Alberta Energy Company being the company that has a 50 per cent interest in a future tar sands plant. That's fine.

The way Section 22(1) of the act is written leaves the door open, and the government is going to be under continuing pressure every time. Let's talk of drilling reservations, as I said earlier, where industry takes out the big lease and proves up some reserves. They find another Redwater. Half the acreage has to go back to the government. There is just no way I can see, the way the bill is now written, that if another Redwater comes along and the government gets half the acreage handed back to it - it's proven acreage and there is a lot of oil and a lot of money involved in it - in spite of what the minister said is the policy, I suggest the way the act is written the government is going to end up transferring that oil acreage over to the Alberta Energy Company. They will not be able to avoid doing it the way the act is written.

If the amendment about public auction isn't satisfactory - I drafted the amendment with a view to the future, not just Suffield but what's going to happen hereafter - [and] if the government is quite prepared to put in the act that this deal on Suffield is special, it's the only thing that is going to happen, then we don't need the words in here. You could qualify 22(1) and make them specifically applicable to Suffield. I would not then have the concerns I have. The issue would be dealt with.

So it's not Suffield. It's where this energy company is going from here. I'm saying that with all the negative effects that government policy has had thus far in the industry, then this one is left in here, I suggest the Alberta Energy Company is going to get into the exploration development business. They won't have any choice because nobody with any private money is going to want to get into it in any big way.

That's my concern; what the future of the industry is going to be. I fully subscribe to the sentiment the minister has expressed that there is a feeling on the part of the people of Alberta to have something other than the government being just the tax collector and spending indirectly for them, to have an opportunity to become directly involved in it.

So I support that concept relative to the Suffield block in the interest of getting the company going.

Section 22(1) leaves the door open for a continuation of that practice. I quite frankly suspect that when the industry says they are not concerned about it, they are not concerned because they are not going to spend any more money anyway. So why should they be concerned? That's what the basic matter I'm concerned about really boils down to. It leaves the door open. I suggest the way 22(1) is written, it isn't just Suffield we're talking about, it's the future.

The minister has said it's only Suffield as a one-shot deal. Let's make it abundantly clear. I would be quite prepared to withdraw the amendment and in the bill some place else you could make it obvious that Suffield is the only case.

So I don't quarrel with the one time deal, but where it goes from here is the concern I have.

MR. DIXON:

Mr. Minister, I'm still not ...

MR. DEPUTY CHAIRMAN:

Would the hon. member like to address the Chair please.

MR. DIXON:

Yes, I would, Mr. Chairman.

Mr. Chairman, to the minister. I still can't see where this isn't a rip-off for those people who are not in the energy company, because the government already owns Suffield. Now you say you are going to put it in the energy company. So the only ones who are going to share on any difference are going to be the owners of the shares in the energy company.

So we then have the middleman in the energy company taking away part of the profit. The only thing that is a salvation is that the Alberta Energy Company happens to be Albertans.

If you're going to develop it further by way of industry, some person from Denver can go ahead and put a bid in. The only difference as I can see it is that the company from Denver, for example, is drilling on a commitment from the Alberta Energy Company when they could have had a commitment originally from the people of Alberta who own the block.

My concern is that you're building in a middleman. The middleman happens to be somebody who was fortunate enough and had the money to buy the shares in the energy company.

MR. NOTLEY:

Mr. Chairman, first I would be rather surprised if the government was prepared to restrict this particular bill just to the Suffield Block. I suspect they are going to want at least some more latitude or, to use their term, flexibility.

Coming back to the point the hon. Member for Calgary Millican has made, again this is a valid concern. As I understand the minister, in explaining the sequence of events, if it's a case of the Department of Mines and Minerals putting up the block you've got three types of income. You've got the cash bids, the royalties and the rentals.

Now I also understand the minister to say that in the case of the Suffield block the very special circumstances, the unique circumstances of the Suffield block, are such that in order for the Alberta Energy Company to acquire the rights to that block it won't be possible to have competitive bidding. So in order to stop that company from Denver, for example, from bidding more some arrangement has to be made other than open bidding.

Mr. Chairman, it seems to me that this is where the concern arises. In the case of the energy company taking over the rights to Suffield, we're going to get the lease rentals, there's no question about that; we're going to get the royalties, there's no question about that. The area of disagreement is obviously going to be in what we could collect in cash bonuses, if you like, compared to the deal that is made between the energy company and the government for the disposition of this particular tract of land.

It seems to me, Mr. Chairman, that there is a very real possibility that that deal will be somewhat less than the total amount we could get from the cash sale or cash bids from the private sector. Therefore the point then has to be made, is that not a case of all the people forgoing some money so that those people who are fortunate enough and financially able enough to be in a position to invest in the energy company will be in a position to make some profit?

Now it may, in fact, be that the final arrangement between the Government of Alberta and the Alberta Energy Company is the equivalent of the cash bids. But we're not certain of that. I would find that rather doubtful under the circumstances because of the very fact that the minister wants to make it clear - in a sense I think I agree with him - that it should be developed by the energy company. In so doing, there is a very real danger that there will be a significant amount less coming in to the general pot of the province which will be shared by all Albertans. This amount will be made up by the people who own shares in the Alberta Energy Company.

I'd just like to pose the other point as a question and bring this matter right back to where we started out several hours ago. What is the government's intention as far as agreements between the Alberta Energy Company and the Alberta government, not only in the Suffield block but any other development? Will there be a full tabling of all the consultants' reports and what have you so we'll be in a position to judge whether or not the government made a good deal?

MR. GETTY:

Mr. Chairman, the hon. member makes the argument that there could be somewhat less obtained through the proposal that we're talking about, which would not place Suffield on the block and have it, perhaps, go out of the province. That's true. There is the possibility there could be somewhat less. I'm sure the hon. member could also agree with me that there could well be somewhat more.

In fact, what we are doing is finding out to a great extent what is there. Someone who is bidding without knowing is obviously not going to be able to pay the full price unless he is going to put up an amount of money which he is going to lose. So I think there could well be somewhat more under the government's proposal where you have an evaluation and then a fair transfer.

I think, Mr. Chairman, in terms of making sure that the energy company does in fact pay fair value for the Suffield natural gas, I suggest that that's a valid request and one which the government will, in fact, make sure is completely clear to the Legislature and to the people, that a valid price was paid.

MR. NOTLEY:

I'll follow that up, Mr. Chairman, if I can. That will mean that the various data, all the consulting reports and what have you, will be tabled in the House so we will be in a position, as members, to adjudicate in our own minds whether it was a good deal or not?

MR. GETTY:

Mr. Chairman, I wouldn't want to predict the method by which the Executive Council or the government may want to make it completely clear to all members. I think one way would certainly be [by] tabling in the House. Another may be the Provincial Auditor making an assessment, a statement or something like that, to the Legislature. But as I said, it would have to be completely clear to the people and to the members of the House.

MR. HENDERSON:

Mr. Chairman, I have brought it up three times and the minister has yet to respond about the future. That's what I come back to. I want to ask the minister specifically, is the minister prepared to stand up and say that the government will not be transferring any more Crown acreage by private closed deals to the Alberta Energy Company? That's the crux of the whole issue, other than Suffield.

MR. GETTY:

Mr. Chairman, 18 months ago I suppose the government would not have known Suffield was there. I think the only point I have to present to the hon. member is that the latitude or the flexibility, or whatever you would have it, that the government is requesting in this case and which is our intention and our policy statement is that Suffield is the only natural gas source that would go into the energy company, and that it's not our intention to in any way interfere with the normal oil and gas operations in the province.

Having said that, there isn't one of us here who could anticipate whether there might be some other unique energy resource that we do not now even know about in which we would all want, perhaps, to have an opportunity to let Albertans participate through the energy

company. I would only say that while it is the government's intention and policy right now that Suffield is the only one, any government, Mr. Chairman, must have the freedom to be flexible in the future. It's something we just have to live with and make sure that as individual members we keep the government doing only those things that are best for the people of Alberta.

MR. HENDERSON:

Mr. Chairman, what the minister said of course is exactly my whole concern, that through the bill the government is saying that [if] any real good deals come along in future in mineral leases that look like proven things and you can't lose on them, there will be a closed behind-the-door transaction whereby the government will take that mineral lease and transfer it to the Alberta Energy Company.

I have to suggest that I quite frankly think the minister has to be awfully naive with that loophole to think that the industry is going to continue to spend any amounts of money exploring and finding new fields in Alberta, particularly oil fields. By what the minister has said, they are reserving unto the Alberta Energy Company any good, highly productive, highly remunerative oil fields. In the future they are going to be transferred by this closed-negotiation process to the Alberta Energy Company.

I have to say that that's the whole concern I have because the industry is simply not going to go on exploring and developing. Common sense says that they are not going to. [If] they are left with the pickings and all the fat and the gravy goes to the Alberta Energy Company they just are not going to do it. The minister, I think, in spite of his intentions, [is going to find that] that's what's going to happen. The Alberta Energy Company is going to be in the oil business exploring and finding because nobody else is going to do it for them.

The way I have to interpret the bill, and the minister has finally just said what my concerns were, [is] that he has left the door open for the continuation of the Suffield policy. In future the government reserves the right as developments concur to follow the same procedure. It could happen with coal leases. It could happen to any other proposition the minister wants to name. It could be a hydro proposition. It could be anything.

I just have to say, Mr. Chairman, I think that on top of all the other uncertainties that have been inflicted on the private oil industry in recent months - and again I support the provincial government thus far on what it has had to do on the royalties scene; I think it was acting responsibly for the citizens of Alberta as trustees for those rights - there is just no doubt that the government is going to be on trial even more so from here on as to what its future intentions are because the gravy is going to go to the Alberta Energy Company and the pickings, if anybody's stupid enough to put up the money to look for them, are going to go to the private sector. I can't find any other conclusion in it. That's apparently what the intentions are.

MR. STROM:

There have been references to the evaluation of the Suffield block. There has been no mention of the cost of drilling the evaluation wells. We are still talking in generalities about what is going to be involved in the turning over of the Suffield block to the Alberta Energy Company.

I don't know how you will ever be able to determine what the cash bids may have been, and I'm a little surprised at your suggestion that we could, in fact, get more. It leads me to ask the question, on what basis then are you making the evaluation? Is it the cost of drilling and the estimate of the cash bids, plus something?

MR. GETTY:

Well, Mr. Chairman, that's a fair question and of course every day in the energy industry in the province proven, semi-proven or unproven properties change hands. They change hands usually by an agreement between a buyer and seller and are quite often based on an independent third party evaluation, maybe several independent evaluations.

In this case, first of all on the amount of money to evaluate the Alberta Energy Company - the hon. Minister of Mines and Minerals presented that to the Legislature and it was cost of drilling: \$2.5 million. The Alberta Energy Company will take on consulting firms to evaluate, as third persons, the natural gas value found in Suffield. It will be determined just as the industry does, Mr. Chairman, in other cases. It is fair market value and the government will have to satisfy itself that that is a fair market value. I would expect that, for one thing, in the prospectus the company would have to file, there would have to be that kind of evaluation. I think it would all be where everybody could see exactly how the transfer took place and how the evaluation was arrived at.



MR. STROM:

Just for further clarification, you say evaluation by a consultant company. By one company that will go ...

AN HON. MEMBER:

Two.

MR. STROM:

Two? I thought I heard a suggestion from the Minister of Mines and Minerals, but I guess it was upstairs. Two consultants? Have they been chosen now? Has this information been given to the Legislature in any of the information that has been tabled up to this point in time? When would this information be available?

Then my next question would be: is there any chance that the Alberta Energy Company would say that the evaluation is too high, and what then will happen?

MR. GETTY:

Well, Mr. Chairman, surely the hon. member would have anticipated that if there were going to be 77 wells drilled to evaluate a reservoir, they would then have to put some assessment on what is there. Your wells only tell you so much and then you finally have to evaluate what is there in terms of natural gas and what it is worth. And that takes into account marketing, deliveries, price - the whole bit.

There are two companies that have been taken on by the Alberta Energy Company and those two companies are J.C. Sproule and Associates and R. McDaniel and Associates. Those companies are two of the most highly respected firms in the energy evaluation field. As a matter of fact, there were others. We had to get people who could devote the time and the staff to the evaluation as well.

MR. STROM:

Mr. Chairman, did the minister say that the Alberta Energy Company has hired two consultants who will advise the government?

MR. GETTY:

No, the company.

MR. STROM:

Then where will the government get its figures?

MR. GETTY:

Well, Mr. Chairman, the government will have to get its evaluation as well.

MR. HENDERSON:

Mr. Chairman, I wonder if I might ask the minister one further question? Following the logic of the minister, if this deal on Suffield is so good and is in the best interests of the people of the province of Alberta and the government is not going to get [into the business] directly in the province of Alberta, the logical question is, why is the government stopping at Suffield? Why don't all the Crown mineral leases go over to the Alberta Energy Company? That's the only logical question I ask.

If the government's policy is as stated, if they are not going to get into the business and they are going to go through these transactions, they might as well turn the whole works over, because if the argument on Suffield is valid the argument on all the Crown leases in Alberta is even better. Then they would be dealing in much the same way as the Department of Mines and Minerals is, except that there would be a dividend proposition attached to it.

So why has the government then stopped at Suffield if the policy is as sound as the government maintains it is?

MR. GETTY:

Mr. Chairman, I guess it was the government trying to strike a balance. There were some unique investments for the people of Alberta [who have] the desire to participate in a direct equity basis in resource development in the province. The government came up with the idea of the Alberta Energy Company and the Suffield block as the one which it identified would be an ideal situation. The two would meld together just as the oil sands

does as well. So it is strictly judgment as to a balance and not to get into the normal workings of the oil and gas industry in the province.

MR. HENDERSON:

Fine, Mr. Chairman, but following the same argument, why haven't they gone further and done the whole thing? If the argument is that good the only conclusion one can arrive at is to set up an exercise where the Alberta Energy Company gets the cream and the skim milk goes elsewhere. I just have to say again that I can't see where this is going to do anything other than discourage further private enterprise investment in exploration and development in the province of Alberta.

I think it is going to be extremely difficult for the government to formulate subsidies and other programs, to encourage incentive drilling and so on and so forth, that are going to be meaningful enough to offset the policy and the principles that are contained in the bill. I just want to make it abundantly clear that the government is conscious of the fact that that's what they are doing.

I come back to the industry not being upset. If they are not going to spend any more money anyway, well, there is nothing to be upset about.

MR. GETTY:

Mr. Chairman, we just don't happen to share the hon. member's pessimism on that fact. We believe that with the conditions that the government can create and with the resources of this province, the industry will very enthusiastically pursue the oil and gas industry in the province, and they are not going to withdraw because there is an Alberta Energy Company where the citizens of Alberta can participate in the Suffield natural gas block and the oil sands, as outlined by the government's policy statement.

MR. HENDERSON:

One final comment I'd like to make, Mr. Chairman. I only hope the government doesn't outsmart itself on this deal as they did in their original tremendous royalty proposition that was supposed to be such a big deal.

They got cute with it instead of taking a direct approach to it, and it backfired. I think this is what they are doing in this case and it is quite simply going to have a further negative effect. I hope the minister is right but I think the experience is going to prove otherwise. Only time will tell. What I am afraid of is that it is going to be too late to pick up the pieces. But it won't matter. We'll have the NDP running the province anyway.

MR. DIXON:

Mr. Chairman, there is one point I would like to bring out, because I am concerned too. If you bring in the Suffield block I think, Mr. Minister, what you are doing is moving the Alberta Energy Company, which you have been telling us all along is really a financial investment company for Albertans.

I believe then that we are misleading the public by calling it an Alberta Energy Company, because that name in itself more or less gives the message that it is a development company developing energy. Maybe it should be the Alberta Financial Investment for Albertans or whatever you want to call it, but if you are going to move into the field and acquire Suffield I have two reservations.

My first reservation is that we are going to rip off the rest of the people of Alberta who aren't in the company, and secondly, you are going to go into the development business, and there's no way you can get out of it.

We're setting up another bureaucracy which is going to evaluate, for example, the Suffield block, where the hon. Minister of Mines and Minerals already has had his staff evaluating it. Then you are going to have to set up another evaluation committee either through private companies doing the work - but in other words they still are going to have to be paid for it. We are duplicating something which the government already has. I go along with the hon. Member for Wetaskiwin-Leduc. If you are going to do this why don't we put all the mineral rights into the Alberta Energy Company and just have the one evaluation on behalf of the people of Alberta, and in particular the people who happen to own shares in this company?

[The amendment was lost.]

[Section 22 as amended was agreed to.]

[Section 23 was agreed to.]

Section 24

MR. WILSON:

Mr. Chairman, I move an amendment to Section 24(3) and (4) by striking out subsections (3) and (4) and by substituting therefor the following subsections:

(3) As soon as possible after January 1, 1980 the Minister shall review the share holdings of the Government of Alberta in the Company and if it appears to him that it would be in the public interest to do so he shall reduce the amount of shares held by the Government of Alberta by offering to Alberta residents such portion of the shares of the Government as appears to him appropriate.

(4) The Minister shall review the share holdings of the Government of Alberta in the Company annually after 1980 with a view to reducing its share holdings in favour of Alberta residents.

[The amendment was lost.]

MR. TAYLOR:

Mr. Chairman, a few moments ago the hon. minister answered a question from the Member for Spirit River-Fairview in connection with reporting to the Legislature. I rather think this is an important item, that the company should report to the Executive Council and the Executive Council should report to the Legislature on the operations. I think it is regular procedure that such a provision be put in the bill, so I would like to move an amendment to Section 24(1). I'll pass these around if the page would come and get them. Section 24:

(1) The Company shall prepare an annual report of its operations and shall provide a copy of the report to the Minister.

(2) The Minister shall lay a copy of the annual report of the Company before the Legislative Assembly if it is then in session, and, if it is not, within 15 days after the commencement of the next ensuing session.

MR. GETTY:

Mr. Chairman, the hon. House Leader advises me that it is his intention to move shortly that the committee rise. Therefore I would like to consider what sounds like a reasonable amendment from the hon. member. Perhaps we could consider it overnight and take it up again tomorrow.

MR. HYNDMAN:

Mr. Chairman, I move the committee rise, report progress and beg leave to sit again.

MR. DEPUTY CHAIRMAN:

Having heard the motion, are you all agreed?

HON. MEMBERS:

Agreed.

[Mr. Appleby left the Chair.]

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[Mr. Speaker resumed the Chair.]

MR. APPLEBY:

Mr. Speaker, the Committee of the Whole Assembly has had under consideration the following bill, Bill No. 10, and begs to report the same with some amendments.

Mr. Speaker, the Committee of the Whole Assembly has also had under consideration the following bill, Bill No. 32, and begs to report progress on same and leave to sit again.

MR. SPEAKER:

Having heard the report and the request for leave to sit again, do you all agree?

HON. MEMBERS:

Agreed.

MR. HYNDMAN:

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

MR. SPEAKER:

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

HON. MEMBERS:

Agreed.

MR. SPEAKER:

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

[The House rose at 11:35 o'clock.]