

LEGISLATIVE ASSEMBLY OF ALBERTA

Wednesday, October 23, 1974

[The House met at 2:30 p.m.]

PRAYERS

[Mr. Speaker in the Chair]

NOTICE OF MOTION

MR. HYNDMAN:

Mr. Speaker, at this time I should like to give notice of a government motion which I would propose to move on Friday next as follows:

Be it resolved that a special committee of this Assembly be established, consisting of: Mr. Appleby as Chairman, Messrs. Cookson, Cooper, Hyndman, King and Speaker with instructions to review the Standing Orders and Forms of Proceedings of the Legislative Assembly of Alberta, and to make recommendations concerning their suitability, in a report to this Assembly prior to the prorogation of the Third Session of the Seventeenth Alberta Legislature.

INTRODUCTION OF BILLS

MR. HYNDMAN:

Mr. Speaker, I would like to ask leave of the Assembly at this time to introduce without notice 11 bills in order that they can be brought before the members and the citizens at the earliest possible opportunity.

HON. MEMBERS:

Agreed.

MR. LUDWIG:

Mass production.

Bill No. 64

The Department of Public Works Amendment Act, 1974 (No. 2)

DR. BACKUS:

Mr. Speaker, I beg leave to introduce Bill No. 64, The Department of Public Works Amendment Act, 1974 (No. 2). This being a money bill, His Honour The Honourable the Lieutenant-Governor, having been informed of the contents of this bill, recommends the same to the Assembly.

This amendment, Mr. Speaker, will increase the amount of funds in the stock advance fund and enable the Department of Public Works to stockpile certain items that would appear to be in short supply, thus enabling smaller construction firms to bid competitively for projects being put out for tender by the Department of Public Works.

MR. LUDWIG:

Are you going to stockpile the marble too?

[Leave being granted, Bill No. 64 was introduced and read a first time.]

Bill No. 75
The Attorney General Statutes Amendment Act, 1974 (No. 2)

MR. LEITCH:

Mr. Speaker, I beg leave to introduce a bill being Bill No. 75, The Attorney General Statutes Amendment Act, 1974 (No. 2).

The purpose of this bill, Mr. Speaker, is to amend a number of acts. The first is The Cemeteries Act. The purpose of the amendment to The Cemeteries Act is to introduce a cancellation feature in contracts dealing with pre-need services.

The bill, Mr. Speaker, also amends The Companies Act, The Alberta Insurance Act and The Securities Act. The purpose of the amendments to those three acts is to provide for the more timely reporting of insider trading when the purchases are made through the market.

The bill, Mr. Speaker, also proposes an amendment to The Condominium Property Act, specifically with respect to certain insurance provisions in that Act.

There is a further amendment proposed to The Condominium Property Act providing that vendors under agreements for sale shall have the same rights as mortgagees to apply to courts for settlements in respect of damages to the condominium, or to apply for a termination of the condominium status.

The bill also proposes, Mr. Speaker, amendments to The Judicature Act. The first amendment to that Act is a most important one and amends Section 24 by removing the current requirement that before citizens commence proceedings against the government or certain ministers or agencies of government, they first require the permission of the Lieutenant Governor in Council. The proposed amendment would remove that requirement.

There is also an amendment, Mr. Speaker, to the sections in The Judicature Act dealing with the procedure to be followed when goods have been seized under writs of possession. A companion amendment to the amendment to The Judicature Act is contained in the bill with respect to The Proceedings Against the Crown Act.

The bill, Mr. Speaker, also proposes to amend The Legal Profession Act. The first amendment to that Act deals with the definition of unprofessional conduct. The reason for the amendment, Mr. Speaker, is a recent decision of the Alberta Court of Appeal. The purpose of the amendment is to restore the law to what the majority of the profession thought it was before that decision.

The bill also contains amendments to The Legal Profession Act designed to ensure that the Alberta Law Foundation is a nontaxable charitable institution. A further amendment with respect to that foundation enables the financial institutions to remit interest on trust accounts on a semiannual basis rather than in the months of April and October as is now the case.

The last Act which the bill proposes to amend is The Trustee Act. The purpose of the amendments to The Trustee Act is to implement the recommendations of The Institute of Law Research and Reform with respect to the powers of maintenance and advancement.

[Leave being granted, Bill No. 75 was introduced and read a first time.]

Bill No. 74 The Surrogate Courts Amendment Act, 1974

MR. LEITCH:

Mr. Speaker, I beg leave to introduce a bill being Bill No. 74, The Surrogate Courts Amendment Act, 1974.

The purpose of this bill, Mr. Speaker, is to amalgamate the two surrogate courts of northern and southern Alberta into one surrogate court for the whole of the province.

[Leave being granted, Bill No. 74 was introduced and read a first time.]

Bill No. 73 The District Courts Amendment Act, 1974

MR. LEITCH:

Mr. Speaker, I beg leave to introduce a bill being Bill No. 73, The District Courts Amendment Act, 1974.

The purpose of this bill, Mr. Speaker, is in part the same as the purpose of the bill for The Surrogate Courts Act and that is to amalgamate the district courts of the districts of southern and northern Alberta into one district court for the whole of the province. The bill also proposes an amendment which will make provision for supernumerary judges in the district court in the event that the federal government amends its legislation to provide for that.

A third amendment proposed to The District Courts Act will enable jury trials in both civil and criminal matters to be handled by the members of the district court.

[Leave being granted, Bill No. 73 was introduced and read a first time.]

Bill No. 70 The Trust Companies Amendment Act, 1974

MR. LEITCH:

Mr. Speaker, I beg leave to introduce a bill being Bill No. 70, The Trust Companies Amendment Act, 1974.

The purpose of this bill, Mr. Speaker, is to deal with insider trading in the same fashion as I described with respect to the amendments to The Companies Act, The [Alberta] Insurance Act and The Securities Act.

A further purpose of the bill, Mr. Speaker, is to enable trust companies to raise equity funds by the sale of subordinated notes. It also provides for ministerial discretion with respect to increasing the limits by which a company may invest in its real estate subsidiaries.

There is also an amendment proposed, Mr. Speaker, that would allow a trust company to make investments that are currently prohibited, providing they are done so with the directors' consent.

A further amendment will provide for the mechanisms necessary when an extraprovincial trust company acquires the assets of another extraprovincial trust company.

[Leave being granted, Bill No. 70 was introduced and read a first time.]

Bill No. 63 The Land Titles Amendment Act, 1974

MR. LEITCH:

Mr. Speaker, I beg leave to introduce a bill being Bill No. 63, The Land Titles Amendment Act, 1974.

The purpose of this bill, Mr. Speaker, is threefold. The first makes some changes in the method of appointing certain officers and employees of the Land Titles Office. The second purpose is to require a transferee or a purchaser of land, on registering documents relating to that purchase in the Land Titles Office, to disclose the citizenship of the person acquiring the interest. This amendment, Mr. Speaker, will enable us to gather information about the citizenship of persons acquiring an interest in land in Alberta.

The third purpose of the bill, Mr. Speaker, is to reduce the current assurances fund fees by 50 per cent in the case of mortgages and by 75 per cent in the case of transfers.

[Leave being granted, Bill No. 63 was introduced and read a first time.]

Bill No. 69 The Alberta Income Tax Amendment Act, 1974

MR. MINIELY:

Mr. Speaker, I beg leave to introduce a bill being The Alberta Income Tax Amendment Act, 1974.

Mr. Speaker, this bill basically contains two principles. The first is the alteration of the formula for the claiming of the renter, income tax credit, which substantially increases the benefits to renters in Alberta.

The second is several changes which conform to the requirements of the federal act and the federal regulations.

MR. CLARK:

... [Inaudible] ... and reduce the income tax.

[Leave being granted, Bill No. 69 was introduced and read a first time.]

Bill No. 72
The Health and Social Development Statutes Amendment Act, 1974

MR. CRAWFORD:

Mr. Speaker, I beg leave leave to introduce Bill No. 72, The Health and Social Development Statutes Amendment Act.

Mr. Speaker, this bill will deal with seven statutes in the health and social development area. The ones of greatest significance include amendments to The Preventive Social Services Act which would allow the minister to enter into preventive social service arrangements with persons other than municipalities in special circumstances where the municipality in the area concurs. An example would be in the northern areas where there may be a lot of development by major corporations without much in the way of municipalities having been formed; then the preventive social service program could be applied by agreement between the minister and such corporations.

Amendments to The Health Unit Act and The Public Health Act make a change in regard to the passing of by-laws having to do with pasteurization. At the present time the law relates to municipalities, cities, towns and villages with populations over 300, and that clause in regard to by-laws for pasteurization regulation will be removed so that it relates to all municipalities.

As well, under The Health Unit Act the corporate and financial positions of local boards of health for communities over 100,000 will be clarified.

Then, Mr. Speaker, under The Vital Statistics Act there will be provisions to allow for the registration of names of children as hyphenated names if both parents agree to the use of both their names rather than just the father's surname in registration as is most often the case now.

[Leave being granted, Bill No. 72 was introduced and read a first time.]

Bill No. 66 The Alberta Opportunity Fund Amendment Act, 1974

MR. PEACOCK:

Mr. Speaker, I beg leave to introduce Bill No. 66, The Alberta Opportunity [Fund] Amendment Act, 1974.

It is a money bill. His Honour the Lieutenant-Governor recommends the bill to this Assembly. The purpose of this bill is to increase the Alberta Opportunity Fund by \$50 million to \$100 million.

The fund had an outstanding loan commitment of just under \$48 million at the end of September. Of this approximately \$30.5 million is in the hands of borrowers, and \$17.5 million is being held for disbursement when the borrowers' building projects have been completed. In the first six months of the fiscal year the Alberta Opportunity Company authorized new loans totalling just under \$12.5 million and we expect that the second six months of the year will see a similar performance so that the loans for the total year will be approximately \$25 million. It is for these reasons, Mr. Speaker, that we now require the increase in size of the Alberta Opportunity ...

DR. BUCK:

Is that your speech Fred or somebody else's?

AN HON. MEMBER:

That's a good speech though Fred.

[Leave being granted, Bill No. 66 was introduced and read a first time.]

Bill No. 71 The Alberta Heritage Amendment Act, 1974

MR. HANSEN:

Mr. Speaker, I beg leave to introduce a bill being Bill No. 71, The Alberta Heritage Amendment Act, 1974.

The amendments in this will make this bill work smoother. It has been asked for by different people and will be a help to the people of Alberta.

[Leave being granted, Bill No. 71 was introduced and read a first time.]

Bill No. 68 The Highway Traffic Amendment Act, 1974 (No. 2)

MR. COOKSON:

Mr. Speaker, I beg leave to introduce a bill being Bill No. 68, The Highway Traffic Amendment Act.

There are a number of amendments in this act. Some of them are consequential. There is an amendment that adjusts our own legislation to comply with federal legislation using certified mail. There is a section which will permit a closer check on stolen vehicles. There is a section which will permit other than RCMP and municipal people to take statements in the case of accidents, to comply in particular to areas where there are small police forces. There is a section that will permit suspension of a driver's licence for a 24-hour period for use of materials other than alcohol.

There is another section which permits the police to authorize a check on a vehicle that has been in an accident. And last but not least, there is an adjustment in the act to permit the Hon. Clarence Copithorne's department to proceed with identification of licences without the use of the letter on the licence plates.

[Leave being granted, Bill No. 68 was introduced and read a first time.]

MR. HYNDMAN:

Mr. Speaker, I move that Bill No. 71, The Alberta Heritage Amendment Act, 1974, and Bill No. 68, The Highway Traffic Amendment Act, 1974 (No. 2), be placed on the Order Paper under Government Bills and Orders.

[The motion was carried.]

INTRODUCTION OF VISITORS

MR. SPEAKER:

I would like to draw the attention of the hon. members of the Assembly to the presence in the Speaker's gallery of the distinguished Consul of the Republic of France, Mr. Ehrhard.

TABLING RETURNS AND REPORTS

DR. WARRACK:

Mr. Speaker, I wish to table the answer to Motion for a Return No. 162.

MR. RUSSELL:

Mr. Speaker, I beg leave to table Motion for a Return No. 195.

DR. HOHOL:

Mr. Speaker, I wish to table a reply to Motion for a Return No. 179 moved by the hon. Leader of the Opposition in the spring session.

MR. LEITCH:

Mr. Speaker, I wish to table the reply to Question No. 193.

MR. MINIELY:

Mr. Speaker, I have two returns for the information of the members of the Assembly today. The first is a reply to Question No. 194.

The second, Mr. Speaker, is a breakdown of all special warrants passed to the date of October 23, in terms of their nature and the need that was met by the warrant.

DR. HORNER:

Mr. Speaker, I would like to table two documents, the first being a return to Question 126 having to do with the rapeseed plant at Sexsmith. There are two additional copies specifically for the Leader of the Opposition and the Member for Spirit River-Fairview.

In addition to that, Mr. Speaker, I would like to table in the House a very important document that outlines the opportunities for Alberta's agricultural exports by air. This document has some substantial material and I recommend it to all hon. members for their perusal.

MR. GETTY:

Mr. Speaker, I beg leave to table the reply to Motion for a Return 107.

MR. CRAWFORD:

Mr. Speaker, I wish to table the answer to Question No. 192 asked by the hon. Member for Drumheller in regard to correctional institutes and Alberta hospitals.

MR. YURKO:

Mr. Speaker, I beg leave to table Sessional Paper No. 128.

MR. PEACOCK:

Mr. Speaker, I wish to file a number of documents relating to the purchase of Pacific Western Airlines by the Government of Alberta:
Order in Council No. 1361 of 1974.

MR. SPEAKER:

Order please. There is some question as to whether an order in council which is already a public document requires to be tabled.

SOME HON. MEMBERS:

Agreed.

MR. PEACOCK:

We withdraw that one, Mr. Speaker.

A copy of a speech by Premier Lougheed to the Calgary Chamber of Commerce, September 6, 1974.

An intervention of Pacific Western Airlines in the matter of a proposal by the White Pass & Yukon Corporation Limited to acquire control of Pacific Western Airlines Ltd.

An intervention of the Government of the Province of Alberta in the matter of the proposal by the White Pass & Yukon Corporation Limited to acquire control of Pacific Western Airlines.

An affidavit of Bruce Clinton Samis, Chairman of the Board of Pacific Western Airlines Ltd.

An affidavit of Donald N. Watson, President and Chief Executive Officer of Pacific Western Airlines Ltd.

The 27th annual report of Pacific Western Airlines (1973).

Pacific Western Airlines report for the first six months of 1974.

The Price Waterhouse and Co. report to the Minister of Industry and Commerce, government of this province, pertaining to the purchase consideration for the shares of Pacific Western Airlines Ltd.

A report from Aviation Advisory Service Incorporated, New York, on Pacific Western Airlines Ltd., An Evaluation - Present and Projected.

A Touche Ross and Co. report, An Economic and Financial Evaluation of Pacific Western Airlines.

I might point out in the Touche Ross report, Mr. Speaker, that we are not including in this filing the section of the report entitled Management, Organization and Personnel. This section contains a description of the organization of Pacific Western Airlines and ATCO Industries, and comments on the personnel and management of these two respective companies. In our view, because it contains comments about the personnel of these companies, it would be inappropriate to make these comments public.

Next, a news release of Premier Lougheed announcing that the Alberta government had acquired control of Pacific Western Airlines Ltd.

One each of the following copies of Share Registry of Pacific Western Airlines Ltd.: March 22, 1974, Common; May 20, 1974, Preferred; June 28, 1974, Common; July 23, 1974, Common and Preferred and October 1, 1974, Common and Preferred.

PWA Share Registry Additions April 1974 to July 1974 with attached Transfer Record.

Next, PWA Daily Trading Report April 1, 1974 to July 31, 1974 inclusive.

A letter from the National Trust Company Limited dated October 18, 1974 with the exceptions to trading partners and including: a letter of Robert Scott, Chairman of the Alberta Securities Commission, to National Trust of October 11, 1974; two letters of Robert Scott, Chairman of Alberta Securities Commission, to National Trust, both of October 17, 1974, with attached Telex messages; a letter of British Columbia Securities Commission to Robert Scott dated October 7, 1974; and a list of names and addresses re July 26, 1974 trades.

Next, a National Trust offer to Canada Trust of \$11.50 per share dated July 30, 1974.

The application of the White Pass & Yukon Corporation Limited to acquire control of the Pacific Western Airlines Ltd.

A Directair proposal.

The following press releases: August 1, 1974; August 29, 1974; September 27, 1974; a letter dated August 29, 1974 from National Trust to Vancouver Stock Exchange; a copy of the letter of September 13, 1974 to shareholders of PWA from the National Trust Company.

Filing also copies of Dow Jones news items of: August 1, 1974, four in number; August 29, 1974, one; and September 27, 1974, dated October 15 of this year.

Finally a Telex dated August 2, 1974 from Stuart Hodgson, Commission of the Northwest Territories, to Premier Lougheed.

MR. SCHMID:

Mr. Speaker, I beg leave to table a reply to Question No. 189.

MINISTERIAL STATEMENT

Department of Federal and Intergovernmental Affairs

MR. GETTY:

Mr. Speaker, I'd like to make a ministerial statement to the House.

Mr. Speaker, we have just tabled a number of documents, which I'm sure are of interest to the members of the Assembly, regarding the purchase by the Alberta government on July 31, August 1 and August 2, 1974 of the majority of shares of Pacific Western Airlines. I'm sure all members will agree that it is an exhaustive list. Also I understand the Premier, during the course of his remarks on Motion No. 3 on the Order Paper, will be outlining the government's reasons for making the decision to purchase these shares, and naturally we will welcome full discussion of this important decision.

But because of the importance of this matter, it would appear that a ministerial statement of the circumstances leading up to and involving the purchase of what now amounts to approximately 98 per cent of the outstanding shares of PWA would be of public

interest and assistance to the members of the Legislative Assembly. Therefore I'll try to sketch the highlights and points of interest for the members today so that as much information as possible is available to them.

On June 7, 1974 the White Pass & Yukon Railway, which is controlled by Federal Industries of Manitoba, notified the Canadian Transport Commission of its intention to submit an offer to the outstanding shareholders of PWA. They wished to purchase effective control of the company by acquiring in excess of 50 per cent of the outstanding shares.

Shortly thereafter my colleague Mr. Peacock, Minister of Industry and Commerce, raised with the government his concern regarding this development. He was aware that White Pass & Yukon Railway had their primary interest in north-south traffic in the Yukon and British Columbia. It was conceivable that such an acquisition would seriously threaten Alberta's position as the Gateway to the North through development of a traffic pattern from British Columbia to the Yukon, Northwest Territories and Alaska, rather than through Alberta. The Commissioner of the Northwest Territories, Mr. Hodgson, later confirmed with the Alberta government his assessment that this was a strong possibility.

The government decided to intervene in the application by White Pass & Yukon Railway and a notice of the government's intervention was filed on July 15, 1974. That intervention has also been tabled today.

In his presentation of the situation to the government, Mr. Peacock also pointed out that PWA was, according to his information, a company that would be a relatively easy target for takeover bids, if not by Federal Industries then by other groups, because the shares were widely held with the exception of two blocks, one controlled by Canada Trust Company and the other by the directors themselves. Each block represented approximately 400,000 shares and, together, some 32 to 35 per cent of the outstanding common shares. In other words, there was a very strong possibility the ownership of PWA was about to change hands.

Because of the importance of this matter to Alberta, Mr. Peacock attempted to interest Alberta businessmen to make a better offer than White Pass & Yukon Railway's and therefore acquire a controlling interest in PWA, with ownership in our province. Mr. Peacock approached a number of Alberta businessmen, including Mr. Ron Southern, President of ATCO Industries, who is a director of PWA and whose company was a substantial shareholder. Unfortunately, Mr. Peacock was unsuccessful in his efforts. He was informed by the businessmen that the magnitude of the financing that would be involved and the present interest rates were major stumbling blocks. This conclusion was concurred in by Mr. Southern on the basis that there was a strong feeling among the directors of PWA that any offer for the shares must be to all shareholders of the company and not merely to a controlling interest, so that to be fair and equal, any offer the directors would accept would have to be made to all shareholders and not leave any of the shareholders in an unwilling minority share position.

As a result of the response from the private sector in Alberta, Mr. Peacock and I, as chairman of the cabinet economic planning and transportation committee, together with the Deputy Provincial Treasurer, Mr. A. F. Collins, discussed the possibility of the Government of Alberta acquiring the outstanding shares of PWA. The matter was then discussed with Premier Lougheed on Monday, July 22, 1974, and after discussion the Premier requested us to put together a tentative plan as to how PWA might be acquired by the Alberta government, subject to the concurrence of our cabinet and to certain other limitations.

The Premier's instructions were that any plan of acquisition must be developed in such a manner that there be no premature leak of the government's intention, as this might lead to insider trading or result in a substantial number of shareholders obtaining an inflated value for their shares because of contemplated Alberta government majority share ownership. Also, the government could not be in the position of failing to purchase effective control and therefore become involved in a bidding war, as often happens in takeover attempts.

Mr. Peacock and I then retained Mr. R. B. Love, a Calgary solicitor who is experienced in matters of this nature, as our legal counsel and also obtained the services of National Trust Company through their vice-president, Mr. J. H. McKibben, to act as agent in the event an offer was made by the government.

On July 23, 1974 Mr. Peacock asked Mr. Southern to come to Edmonton to discuss the PWA situation with myself, Mr. Peacock, Mr. Collins, Mr. McKibben and Mr. Love. Mr. Southern attended that meeting believing that the government was still seeking a private-sector group to acquire PWA, to thereby strengthen Alberta's transportation position. Early in the course of the discussion, when it became apparent that the Alberta government would give consideration to the possibility of acquiring the shares directly, Mr. Southern advised all present that he wanted to avoid any possible conflict-of-interest position, and was not prepared to make any statement or any comment which he had not made to other interested groups or was not general information accessible to anyone. He also requested that we conduct the meeting in a manner to avoid any conflict of interest, and naturally we did so.

Mr. Southern confirmed for us that the offer from White Pass & Yukon Railway was for only a controlling interest, and that the directors were resisting the offer in part because they felt that it should be an offer made to all shareholders, not merely a percentage. There were other reasons they were resisting that offer and those reasons are outlined in the PWA intervention document to the CTC, which has also been tabled today.

Mr. Southern also confirmed for us that there had been a number of inquiries by various other groups which were considering a takeover of PWA, and I notice that that

information is reflected in the affidavit of Mr. Donald N. Watson, the President of PWA, which has been tabled also.

In addition Mr. Southern confirmed that the share register would indicate there was a large block of shares held by Canada Trust Company and it, together with the shareholdings of the directors, were the only large blocks of shares since most of the other shares were widely held. In no way did Mr. Southern promote or encourage the Alberta government to acquire the airline.

The meeting concluded with Mr. Southern unaware as to whether or not the government was in fact going to make an offer and with no knowledge as to what the nature of any offer would be if one were in fact made.

On Wednesday, July 24, 1974 the plan as it was developing was reviewed with the Premier by myself, Mr. Peacock and Mr. Collins. During the course of the next few days an approach was made through National Trust Company officials to Canada Trust Company officials on an exploratory basis to see if their shares were for sale, and if so, what price per share might be acceptable to Canada Trust for their block of shares numbering approximately 400,000. We felt this information was necessary before any offer would be made for the shares if cabinet concurred in the purchase recommendation. The offer would then be made first to Canada Trust and, if there appeared to be a high possibility of acceptance, our solicitor, Mr. Love, would arrange a meeting of the directors of PWA and the same offer would be made to the directors. If this were accepted, then the same offer would be made to all other shareholders through the Vancouver and Toronto stock exchanges.

At all times it was imperative that there be no premature disclosure of the government's plan, that the government must obtain substantially greater than 50 per cent ownership of the shares and the purchase must occur over a period of, at the most, three days, to reduce the risk of premature disclosure that the Alberta government was the purchasing party.

It was considered that a price of approximately \$13 a share would represent good value for full and complete majority control of PWA. Therefore our agents made preliminary exploratory contact with Canada Trust and initially discussed a price of \$10.50 a share. Canada Trust advised our agent, National Trust, that a price of \$10.50 per share for their shares was far too low. It was unacceptable and would be rejected. With this information obtained, a purchase plan was taken to finance, priorities and coordination committee of cabinet, Tuesday morning, July 30, 1974 and after discussion, it was recommended that the plan be taken to cabinet that same morning. The plan was presented to cabinet and after consideration was concurred in by the cabinet, leaving some flexibility with the Premier, Mr. Peacock and myself as to the final price per share.

Our agent, National Trust, was then instructed to offer \$11.50 per share to Canada Trust and, if not accepted, to determine the price at which they were prepared to sell their shares. The \$11.50 per share price was rejected and Canada Trust subsequently advised us that an offer of \$15.00 per share would merit their serious consideration. National Trust's letter containing that \$11.50 per share offer has been tabled today.

The price of \$15.00 per share mentioned by Canada Trust was too high in our judgment and, after some consideration, we finalized our plan to acquire PWA at \$13.00 per share. Since there was a possibility that Canada Trust would not sell at our price, we contacted Mr. Southern on Wednesday morning, July 31, 1974 to confirm that the directors of PWA would negotiate with a buyer separately from such a large shareholder as Canada Trust. Mr. Southern confirmed that the board would proceed in the best interests of the shareholders and the company.

Therefore later in the morning of Wednesday, July 31, 1974 I gave instructions to Mr. Love to proceed that day to attempt to acquire the shares owned by Canada Trust Company and by the directors. I authorized Mr. Love to offer \$13.00 per common share and \$52.00 per preferred share net to each shareholder and, if we were successful in these acquisitions, to proceed to offer all shareholders the same price through the facilities of the Vancouver and Toronto stock exchanges.

Mr. Love then telephoned Mr. Ron Southern, advised Mr. Southern that, acting for an undisclosed client, he would like to discuss with the board of directors of PWA as soon as possible a matter of some considerable importance to the company involving the outstanding shares of the airline. Mr. Love asked Mr. Southern to telephone Mr. Samis, the Chairman of the Board of Directors of the airline, to arrange to take a call from Mr. Love which would in fact request a meeting be called of the directors.

Mr. Love then telephoned Mr. Bruce Samis, Chairman of the Board of PWA, and informed Mr. Samis that he was acting for a client, whose name he was not at liberty to disclose, who wished to present to the directors a matter of considerable importance to the company involving the outstanding shares of the airline.

Mr. Love advised Mr. Samis that from his client's point of view there was urgency with respect to the matter and urged Mr. Samis to call a meeting of the board of directors as quickly as possible. Mr. Samis agreed to have a meeting of all directors at 2:45 p.m. Vancouver time on that day, stating that he felt he could have all directors present save two or three. Mr. Love then proceeded to Vancouver and met with the PWA directors. Without revealing the name of his client, all of the proposed terms and conditions of the offer were outlined to the directors, including a purchase price net per share to each shareholder of \$13.00 per common share and \$52.00 per preferred share. The offer, if it was accepted by the directors and Canada Trust, would be made to all shareholders through the facilities of the Vancouver and Toronto stock exchanges. However, even if the offer to the directors was accepted by the directors, it was subject to cancellation that day by

Mr. Love if the shares owned by Canada Trust were not also agreed to be acquired prior to 12 o'clock midnight Vancouver time on that day.

A major condition of the offer was that if the terms and conditions of the offer were agreed to by the board of directors, Mr. Love would then reveal the name and identity of his client and the board would, at such time, have the right to reject the offer. Mr. Love, at this point, left the meeting to call representatives of National Trust Company and Canada Trust Company who were meeting in Toronto. Mr. Love made the same offer through National Trust Company to Canada Trust Company at that time, and on the same conditions that he had just made to the directors, except that the offer was subject to the acquisition by his client of the directors' shares.

After a period of time, the directors of PWA emerged from their meeting and advised Mr. Love that his client's offer was acceptable if the directors had no objection to his client's identity once it was disclosed. Mr. Love then told the directors that his client was the Government of Alberta, and the directors agreed that this was an acceptable purchaser and the sale was confirmed.

Concurrently with this information, Canada Trust advised National Trust that they would accept the \$13 per share offer. And since the PWA directors had also accepted, both blocks of shares were essentially confirmed as purchased and Mr. Love so advised Mr. Samis.

There was then some discussion as to the period during which the offer for shares would be left open in the exchanges so that all of the shareholders, including those who might be on a summer vacation or absent for some reason, would have an opportunity to take advantage of the offer. At this point, Mr. Love felt it necessary to call me directly in Edmonton and confirm our position on that matter. I advised Mr. Love that it would be satisfactory to extend the period to August 31, 1974. Then Mr. Samis, Chairman of the Board of PWA, came on the phone to discuss the matter with me and we confirmed these arrangements which are reflected in the National Trust statements that were released the next day to the Toronto and Vancouver stock exchanges and they have been tabled today. It was agreed that the identity of the Alberta government as the buyer would not be publicly disclosed until the close of business on the Toronto and Vancouver stock exchanges on Friday, August 2, 1974.

All of the circumstances connected with this directors' meeting of PWA are confirmed by the affidavits of Mr. Samis and Mr. Watson which have now been tabled in this Legislature.

Our next step was to prepare for an offering to the rest of the shareholders of PWA through the Toronto and Vancouver stock exchanges. Therefore the evening and night of July 31, 1974 were spent working with National Trust who were given responsibility for coordinating the efforts of two respected investment houses, Dominion Securities Ltd. and Pemberton Securities Ltd., in establishing the mechanics of purchasing the shares through the two exchanges. The board of directors of PWA had prepared a statement to their shareholders advising them that they were accepting the offer and recommending that the remaining shareholders do so as well.

Trading commenced on Thursday, August 1, 1974 at about 11 a.m. Edmonton time and within an hour sufficient shares had traded through the two exchanges to represent majority control of PWA by the Alberta government. At this point, it was still confidential as to the purchaser for whom National Trust was acting. This confidentiality was maintained throughout the remainder of Thursday and most of Friday, August 2, 1974.

On the afternoon of Friday, August 2, 1974 Premier Lougheed issued a public statement to the effect that the Alberta government had completed the purchase of majority control of PWA.

In summary, the following facts emerge from the circumstances connected with the Alberta government's acquisition of the majority shares of Pacific Western Airlines:

- (a) The only persons who had advance information as to the Alberta government's intention to make an offer for the acquisition of PWA prior to the morning of July 31, 1974 were the cabinet ministers in attendance on July 30, 1974; five members of the cabinet secretariat present at the cabinet meeting; the deputy Provincial Treasurer, Mr. A. F. Collins; the President of National Trust, Mr. J. L. A. Colhoun; the Vice-president of National Trust, Mr. J. H. McKibben; and the government's solicitor on this matter, Mr. R. B. Love.
- (b) None of these persons, to their knowledge, had any shares registered in their names in PWA or any beneficial interest in shares of PWA.
- (c) No person outside the government attempted to, or in fact did, influence the government's decision to acquire the majority interest in PWA.
- (d) No director or shareholder of PWA encouraged the government to acquire their shares of PWA.

To the best of our knowledge, no person acquired PWA shares with the knowledge of the government's interest in the acquisition of PWA and in fact, unlike most acquisitions, the shares declined in the market slightly in the days preceding the acquisition.

Mr. Speaker, I appreciate the members allowing this time today for my statement. I trust the information will be helpful to them. My colleagues and I will be pleased to answer any questions that members of the Legislature may have in connection with this matter as the House business progresses.

Thank you.

MR. CLARK:

Mr. Speaker, the only comment I would make at this time is that the statement of defence by the Minister of Federal and Intergovernmental Affairs on behalf of the government leaves a number of gaping holes. It is also interesting to note, Mr. Speaker, that on several occasions the comments made by the minister today do not square with those comments made by the Premier and other ministers in their defence of the acquisition of PWA before this particular time.

ORAL QUESTION PERIOD

PWA - B.C. Government

MR. CLARK:

Mr. Speaker, I would like to direct a question to the Premier and ask what factual information he could present to the Legislature today or table in the Legislature indicating that the Government of the Province of British Columbia made an offer to the board of PWA?

MR. LOUGHEED:

Mr. Speaker, I don't think it was ever suggested that such an approach was being made, so obviously there is no such information.

AN HON. MEMBER:

But it was made.

MR. CLARK:

A supplementary question, Mr. Speaker. Does the government agree with the statements made by the president of PWA that the B.C. government had expressed ...

MR. SPEAKER:

Order, please. While wishing to allow the maximum latitude, the hon. member's question might be put in a direct way since, as he well knows, under the rules under which we are required to operate the question period, a question which asks whether the government disagrees or agrees with something is something which may lead to debate for which there is no provision at this time.

PWA - Acquisition

MR. CLARK:

Mr. Speaker, I think we have our answer as far as that question is concerned.

A second question, Mr. Speaker, to the hon. the Premier. Is the government prepared to rescind the order in council which was used to acquire PWA?

MR. LOUGHEED:

Mr. Speaker, rather than rescind, on the other hand I think what we feel about it [is] that it might be probably one of the most important and positive actions in the future of Alberta.

MR. CLARK:

Mr. Speaker, a supplementary question to the Premier. Has the government, since August 1, 1974, acquired any other companies inside Alberta or outside Alberta by use of Order in Council 1361-74.

MR. LOUGHEED:

Mr. Speaker, the answer is no.

PWA - Expansion

MR. NOTLEY:

A supplementary question to the hon. Premier. Can the Premier advise the Assembly whether or not it's the intention of the government to propose legislation which would authorize any further expenditure on the expansion of PWA or whether that would be done through the order in council named?

MR. LOUGHEED:

Mr. Speaker, that's difficult to answer. In a sense it's partially hypothetical. I would think that as our plans are expanded and developed over the course of the next year it's possible it could be something that is involved in terms of the Legislature. It

might be something involved under the terms of The Financial Administration Act or some other act that may be developed.

MR. NOTLEY:

Mr. Speaker, a further supplementary question to the hon. Premier. Can the Premier advise the Assembly whether or not it is true that the government has already earmarked an additional \$90 million for the expansion of PWA or is actively considering that at this time?

MR. LOUGHEED:

Mr. Speaker, it would be far premature from our point of view to take that position. We are doing a longer term detailed evaluation in terms of maximizing the opportunities that are available with regard to the acquisition of PWA. In due course, perhaps in the spring, I'd be able to expand on it slightly for the hon. member. Frankly our decision was very much in the medium and long term and I would expect it would be some time before any particular funds were allotted or appropriated and what terms and conditions they might occur if such were the case.

PWA - Investigations

MR. WILSON:

A supplementary, Mr. Speaker, to the hon. Premier. Could the Premier advise what investigations of Pacific Western Airlines were carried out by the government, and when did they start, prior to the presentation Mr. Peacock made to the cabinet, which was shortly after June 7, 1974?

MR. LOUGHEED:

Mr. Speaker, there are about three documents which have been tabled today that might be useful to the hon. member to assess in his homework tonight. I think one of them would be the Touche Ross report. Another would be the report from New York, the aviation consultant report, and the third one would be the statement which has been gathered together as to the various potentialities in terms of an agriculture export agency, which Dr. Horner has tabled. There are others probably, but those three in particular.

MR. WILSON:

A supplementary, Mr. Speaker, to the hon. Premier. Would the Premier advise what his government means by the expression, Pacific Western Airlines does not fall within the definition of real free enterprise?

MR. LOUGHEED:

Mr. Speaker, I think probably the best way to answer that is that essentially, as the New York report puts out, I think, in a capsule form - the consultant that is there - the majority of the routes and the rights of Pacific Western Airlines are monopolistic by nature. Their competitive circumstance is relatively minor and our judgment is that in terms of competition with any of the third level carriers in the province, Time Air or Bayview, it's relatively nominal. So essentially what you are dealing with with an airline such as Pacific Western Airline is one which has a monopoly position relative to the charters and the rights.

PWA - Trucking Company

MR. R. SPEAKER:

Mr. Speaker, a supplementary to the Premier. In the acquisition of PWA, did the government also acquire a trucking company?

MR. LOUGHEED:

Mr. Speaker, they did as part of the acquisition. Obviously there was no way the company could acquire the airline in the way it did without the trucking operations. I believe that discussions were under way well before we were involved in the acquisition of the airline by the directors in considering the advisability of continuing with the trucking operation.

MR. R. SPEAKER:

Mr. Speaker, a supplementary to the Premier. In light of your answer to my hon. colleague, that the conditions are that we have a trucking company at the present time, what steps will be taken to ensure fair competition between the PWA trucking company and private firms in Alberta?

MR. LOUGHEED:

Mr. Speaker, there is no question that that is an important question and one that we assessed in making our decision. Certainly some further assessment will be made as to the logic of the continuing need for Pacific Western Airlines to continue with their trucking

operations. It was not a successful part of their operations. I think some efforts were made to divest themselves of those operations and perhaps the board of directors in due course, as constituted in their independence and freedom of action, will no doubt reassess that matter even further.

MR. WILSON:

A supplementary, Mr. Speaker, to the hon. Premier. Could the Premier advise how many members of the cabinet knew about the plan to purchase Pacific Western Airlines before the actual purchase arrangements began?

MR. LOUGHEED:

Mr. Speaker, if the hon. member would listen, Mr. Getty's statement said all of the members of the cabinet who were in attendance at the cabinet meeting on Tuesday, July 30.

MR. SPEAKER:

The hon. Member for Drumheller with a supplementary.

PWA - CTC

MR. TAYLOR:

A supplementary to the hon. Premier. Does the government anticipate any difficulty with CTC over the purchase of PWA?

MR. LOUGHEED:

Mr. Speaker, certainly that matter was considered, but it was our judgment that in the public interest of Canada the important thing for the people of Canada, whether they live in British Columbia, the Northwest Territories, Alberta or anywhere, is the service they're provided by an airline. And if an airline has the financial resources and strength to expand and take advantage of those opportunities, we're very confident that, in our view, an objective evaluation of that would be to endorse the expansion desires that we have, both for Alberta, but also in terms of our obligations elsewhere. I would think that any different reaction from any federal authority would be one that would be highly discriminatory and certainly would not be anticipated.

MR. TAYLOR:

A supplementary, Mr. Speaker. Has the government any correspondence from CTC that would indicate CTC is planning to make trouble for the Alberta government over the purchase of PWA?

MR. GETTY:

Mr. Speaker, perhaps I might reply to that in [my] office of Minister of Intergovernmental Affairs. We do not have a letter or correspondence from CTC saying, we're going to make trouble for you as a government.

We did have a meeting, myself and Mr. Peacock, with the CTC and told them directly of our intentions [towards] the airline, as explained by the Premier. They advised us that they have a legal opinion that the government, under the law, should have notified them in advance for approval. We advised them we have a legal opinion that tells us that we're not required. We left it at that. They have advised us that they will continue to consider the matter. I don't think it's going to be necessarily solved easily. But that is where it sits right now.

MR. NOTLEY:

Mr. Speaker, a supplementary question to the hon. minister. Can the minister advise the Assembly whether it is the intention of the government at this time to abide by a definitive decision by the CTC on this matter, or is one option being considered at this time, testing the matter in the courts?

MR. GETTY:

Mr. Speaker, the government is considering a variety of options, but I would have to consider the question hypothetical at this time.

MR. SPEAKER:

The hon. Member for Calgary Mountain View with a supplementary, followed by the hon. Member for Pincher Creek-Crowsnest.

Hon. members of course will assume that the extent of the supplementaries in this instance does not constitute a precedent.

SOME HON. MEMBERS:

Agreed.

PWA - Private Sector

MR. LUDWIG:

Mr. Speaker, I wonder if the hon. Premier would advise the House whether it is the intention of the government to refrain from any further advent into the private sector of business as has happened with PWA?

MR. LOUGHEED:

Mr. Speaker, that's a very reasonable question but difficult to answer in the question period. I'd prefer to take the matter as notice and expand upon it during the course of my remarks under Motion No. 3.

MR. LUDWIG:

A supplementary, Mr. Speaker. With reference to remarks made by the hon. Premier to the Chamber of Commerce where he stated that this is it, we're not going into any more business, will the Premier stand by his word as far as that commitment is concerned?

MR. SPEAKER:

The hon. member is expounding a variation of his previous question.

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

MR. LUDWIG:

I would like [to ask] a further supplementary if I may, Mr. Speaker.

MR. SPEAKER:

Perhaps we should be taking turns a little more than we have. There is a considerable number of supplementaries, I think, still waiting.

MR. DRAIN:

Mr. Speaker, this to the hon. Minister of Industry and Commerce. In reference to his remarks, what disaster would have befallen the province of Alberta, where the more lucrative freight is developed for Pacific Western Airlines, had White Pass & Yukon been successful in its bid? Would they have left this monopoly situation and taken their airplanes and flown away into the wild blue yonder? And if so, why?

MR. PEACOCK:

Mr. Speaker, while it's a hypothetical question, we felt in our wisdom that we were making the right decision in making our move. That is the reason we moved on PWA.

MR. LOUGHEED:

Mr. Speaker, I would like to add to that. I'd like to refer to the hon. member who asked that question a document that was tabled, being the statement of Commissioner Hodgson of the Northwest Territories, where he expressed generally the nature of the concern whereby if White Pass & Yukon, with their large commitment financially both in the Yukon and in terms of barges and tugs off the Pacific and in the British Columbia area, that the logical development in terms of the Gateway to the North could easily develop on a British Columbia-Yukon access to the north rather than what we want in this Legislature, hopefully, an Alberta-Northwest Territories access. Commissioner Hodgson had that view and that concern and I certainly shared it, and share it.

MR. DRAIN:

One final supplementary ...

MR. SPEAKER:

Perhaps we might come back to the hon. member. The hon. Member for Calgary McCall has been recognized for a supplementary.

MR. HO LEM:

Thank you, Mr. Speaker. A supplementary to the hon. Premier. In view of the fact that there have been ongoing investigations by Touche Ross and the New York company, and at the same time there have been continuing meetings by the Minister of Industry and Commerce with the private sector trying to drum up interest, and in view of the position being held by the hon. minister and the government, would it not be considered and construed as a conflict of interest in his position?

MR. LOUGHEED:

Mr. Speaker, rather than a conflict of interest, quite clearly the responsibility of the Minister of Industry and Commerce is to assure for business in this province an overcoming of the transportation obstacles. His effort, and I think it's one of the most significant efforts that a minister could make, to attempt to do everything he can and it's quite a record and I'd like to be - I know the Speaker won't let me go further, but I'm very delighted in the course of my remarks to expand upon where I think it's so excellent.

MR. SPEAKER:

The hon. Member for Cypress with a supplementary, followed by the hon. Member for Wetaskiwin-Leduc.

PWA - Federal Government

MR. STROM:

Mr. Speaker, my question is either to the Premier or to the hon. Minister of Federal and Intergovernmental Affairs. On what date was the federal government first advised or made aware of the Alberta government's intention to purchase PWA?

MR. GETTY:

On the morning just before making the final offer, or the offer to the board of directors and Canada Trust, I myself advised Mr. Marchand's office and Mr. Peacock advised the Canadian Transport Commission by speaking directly with Mr. Benson. I was unable to get Mr. Marchand directly but spoke with his executive assistant to pass the information on to him.

MR. STROM:

Mr. Speaker, just to clarify, has any formal notice been sent to the federal government or have any further negotiations been carried on with them by letter or written communication?

MR. GETTY:

Well, we met with them, Mr. Speaker, and that was pretty direct. We did not write them a letter as notification advising them.

MR. LUDWIG:

He found out.

MR. SPEAKER:

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

PWA - Crown Corporation

MR. WYSE:

My question, Mr. Speaker, is to the hon. Provincial Treasurer. The hon. Minister of Federal and Intergovernmental Affairs indicated that 98 per cent of the shares have now been purchased by the Alberta government. In order to incorporate it as a Crown corporation the Alberta government must have 90 per cent of the shares. My question is: will PWA incorporate as a Crown corporation?

MR. MINIELY:

Mr. Speaker, we haven't made any final decision. We're looking at the federal Income Tax Act and, hopefully, it would ultimately become a Crown corporation. But we will be dealing with the assessment of the Act, particularly as it relates to Crown corporations. In answer, Mr. Speaker, to the specific question, there is no doubt that now we do have sufficient shares to do so.

MR. WYSE:

A supplementary question then, Mr. Speaker, ...

MR. SPEAKER:

I've already recognized the hon. Member for Drumheller, followed by the hon. Member for Calgary Millican.

MR. TAYLOR:

Mr. Speaker, may I make just a sentence statement before asking the hon. Premier the question? During the latter part of my term of office in Highways, I had severe differences with PWA about their centering all of their operations in Vancouver and taking most of their revenue from Alberta. My question is: is the government planning to move some of this operation into the province of Alberta at the earliest possible time?

MR. LOUGHEED:

Mr. Speaker, in terms of movement, that's something we haven't even considered. But in terms of expansion and the unrealized potential that is there because the company made those moves - and I know the hon. member recognized that and made objections because, although so much of the business emanates from and ends in Alberta, a significant portion of their activity was headquartered in Vancouver and it would be a very difficult thing to redress that at this stage. However, when we look at the longer- and perhaps even the medium-term future of the airline, I would think there is quite an opportunity in terms of the expansion features that we are looking to in the longer term for the airline which can

be based here in Alberta. And out of that base can come some of the other things that are most important, that is the highly skilled service industries which are critical in terms of aircraft maintenance and development.

MR. SPEAKER:

The hon. Member for Calgary Millican.

MR. DIXON:

Mr. Speaker, mine was a supplementary that was asked by the hon. Member for Drumheller.

MR. NOTLEY:

A supplementary question, if I could, to the hon. Minister of Federal and Intergovernmental Affairs or the hon. Premier. I would just ask, dealing with the question of a Crown corporation, whether any discussion has now taken place with the board of directors concerning this matter?

MR. LOUGHEED:

Mr. Speaker, it wasn't intended that such discussions would ensue for a number of months. I would presume that what is important is that the directors, under the new circumstances of ownership, proceed as we hope they will to operate the airline in the successful manner in which it has been operated. In due course of time, I would probably be reiterating what I said earlier. Our decision here was not a short-term decision; it is one that is going to take some years in order to take its full advantage for the people of Alberta.

MR. SPEAKER:

The hon. Member for Cypress with a further supplementary, followed by a further supplementary by the hon. Member for Medicine Hat-Redcliff.

PWA - CTC Meetings

MR. STROM:

Mr. Speaker, to either the Premier or the hon. Minister of Federal and Intergovernmental Affairs. Is the provincial government prepared to attend meetings of the CTC in Ottawa as has been suggested by the CTC?

MR. GETTY:

Mr. Speaker, we are certainly prepared to meet with the CTC should they wish and we have met with them on one occasion. I am not sure what other meetings the hon. member might be referring to.

MR. STROM:

Mr. Speaker, for clarification. I am thinking of hearings. They particularly mentioned hearings.

MR. GETTY:

Well, Mr. Speaker, that I suppose is a hypothetical matter, but we do have our legal opinion as to the fact that the Alberta government is not required to participate in those hearings.

MR. SPEAKER:

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

PWA - Taxes

MR. WYSE:

Yes, Mr. Speaker, just a follow-up question to the hon. Provincial Treasurer. Last year PWA paid \$2.5 or \$2.25 million in federal corporate taxes. My question is: will PWA be exempt from paying these taxes this year?

MR. SPEAKER:

The hon. member is clearly asking for a legal opinion, but perhaps it might be volunteered under the circumstances.

MR. MINIELY:

Mr. Speaker, I guess the only way I could answer that question is to say maybe, because of course - as I expressed in answer to the other question - we have to look at the complexities of the Income Tax Act as they apply to the company before the Alberta government acquired the majority control of the shares and, of course, after that was the situation. The circumstances may be different between the two situations I have described.

MR. WYSE:

A supplementary question then, Mr. Speaker. Would the government consider this as unfair competition to the other smaller airlines in the province?

MR. SPEAKER:

The hon. member is really stretching the boundaries of the question period if there are any left.

The hon. Member for Calgary Bow.

PWA - Sale

MR. WILSON:

Supplementary, Mr. Speaker, to the hon. Minister of Federal and Intergovernmental Affairs. Would the minister advise if the provincial government is still considering the sale of Pacific Western Airlines?

MR. GETTY:

Mr. Speaker, I find it a good opportunity and I welcome that question because, as I recall, there had been some publicity to the effect that I made a statement that we were trying to sell the PWA shares.

As a matter of fact, for the information of all members who may have been misled by that press report, in the course of a discussion with a member of the media one of them asked me whether, in fact, the government was committed to owning Pacific Western Airlines for all time. I told him the government obviously would do what was in the best interests of the people, therefore I couldn't make that commitment. He turned that into a statement that it was therefore for sale. Unfortunately it did cause some misconception in people's minds and I am pleased to have the opportunity to clear it up now.

MR. NOTLEY:

Mr. Speaker, a supplementary question to the hon. Provincial Treasurer ...

MR. SPEAKER:

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

MR. NOTLEY:

I would ask the hon. Provincial Treasurer, in view of the large amounts of money that would be saved by Crown corporation status, whether or not he will give the House an undertaking that some sort of commitment to make a statement on the tax question will be presented during the fall session?

MR. MINIELY:

Mr. Speaker, I don't think relative to the tax question - whether it is taxes in prior years or during the current year - any decision or anything that might transpire would do other than to add to the value of what the Alberta government has acquired. In terms of making any final decisions on this, as I have indicated in response to earlier questions, we'll have to examine the income tax law and these decisions will be down the road and we will be able to clarify them for you later.

MR. NOTLEY:

Mr. Speaker, a supplementary question for clarification. That is expressly the question I am asking. Will the clarification be made and tabled in this House during the fall session of the Legislature, or will it be a post-decision?

MR. MINIELY:

Mr. Speaker, we don't anticipate that we will in any way be ready to make such clarification during the fall sitting of the Legislature. It would be more likely, at the earliest, during the course of the spring session next year.

MR. TAYLOR:

A supplementary, Mr. Speaker. My question is pursuant to the answer just given by the hon. Minister of Federal and Intergovernmental Affairs. Has the government received any offers to purchase up to this time?

MR. GETTY:

None that I'm aware of, Mr. Speaker, but it may be our Minister of Industry and Commerce, who is responsible for transportation matters, may wish to add to that answer.

MR. DIXON:

Mr. Speaker, I wonder if I could ask a supplementary question to the hon. Minister of Industry and Commerce. Mr. Minister, why do we as a government airline need to be protected from Trans Canada Airlines, as stated in a policy at Banff?

MR. PEACOCK:

Mr. Speaker, I don't think the hon. member read the text of the speech at Banff. I think what we were saying was that in the third level carriers, that is in the carrier services within the province which take the services from remote areas and feed them into the regional and trunk carriers, the province has to have some input, direction and identification as to what the priorities are. And that is what was stated at Banff in relation to ...

PWA - Routes

MR. DIXON:

A further supplementary question to the hon. minister, Mr. Speaker. The Government of Alberta interceded on behalf of Time Air and one other airline when they were trying to acquire rights within Alberta. Is the Government of Alberta now going to change its stand and not intercede if Time Air wishes to take over some of the routes presently serviced by PWA?

MR. PEACOCK:

Mr. Speaker, to answer that question definitely, the intervention that the Alberta government filed on behalf of Time Air still stands.

AN HON. MEMBER:

For how long?

MR. PEACOCK:

Until a settlement is made by the CTC, a decision.

MR. NOTLEY:

Mr. Speaker, I would like to ask a supplementary question of the hon. Minister of Industry and Commerce. It flows from the ministerial statement today concerning discussions with Alberta businessmen. My question, Mr. Speaker, to the minister, is whether or not the minister discussed this matter with officials of International Jet Air in Calgary?

MR. PEACOCK:

Mr. Speaker, no, we did not. The reason we did not is because, as is released in the filings we made today and the statement from Mr. Watson, President of PWA, transactions were ongoing between International Jet Air and PWA and we felt there was no reason we, as a government, should interfere in this transaction, that it was a corporate decision on behalf of PWA.

I might also add, Mr. Speaker, that PWA has no scheduled flights in Alberta.

AN HON. MEMBER:

International.

MR. PEACOCK:

International.

MR. SPEAKER:

The hon. Member for Wetaskiwin-Leduc with a supplementary, followed by the hon. Member for Cypress.

MR. HENDERSON:

Mr. Speaker, I wonder if the minister is aware of my views, that purchasing PWA was a step in the right direction and I hope the second one will be the CPR.

[Interjections]

MR. LUDWIG:

A supplementary. I think ...

MR. SPEAKER:

Perhaps we might have the supplementary question by the hon. Member for Cypress before we have the supplementary debate by the hon. Member for Calgary Mountain View.

MR. STROM:

I almost got thrown out of gear by that very very searching question by the hon. Member for Wetaskiwin-Leduc.

Mr. Speaker, I would like to ask the hon. Minister of Industry and Commerce if International Jet Air represents Alberta businessmen?

MR. PEACOCK:

Well, Mr. Speaker, I assume it does because the corporate citizens are certainly Alberta residents.

MR. STROM:

A supplementary question then. Does the minister agree that this then was the objective of the government; that they were seeking Alberta businessmen to buy PWA?

MR. PEACOCK:

Well, Mr. Speaker, I think in the statement my honorable colleague, Mr. Getty, made with regard to the reasons for the businessmen's decision, as far as Alberta was concerned, was the high interest rates and the tremendous amount of capital involved in this particular transaction of PWA.

I might point out that International Jet Air - and I don't think this House is the place to discuss their financial problems or conditions - had been losing money continuously and that a year previously they had made an overture to CPA to take over their routes. Finally, as I said before, they had an ongoing dialogue and an offer in to PWA, Pacific Western Airlines, to sell their assets to them.

MR. DIXON:

A supplementary question to the hon. minister, Mr. Speaker. Would the minister name the Alberta businessmen whom the government offered financial assistance to who were interested taking over PWA?

AN HON. MEMBER:

Yes.

AN HON. MEMBER:

A good question.

SOME HON. MEMBERS:

Come on. Come on.

MR. PEACOCK:

Mr. Speaker, we didn't offer financial assistance.

MR. DIXON:

I wonder then, Mr. Speaker, if I could ask the minister to confirm that he had no discussions with any businessman in Alberta regarding the possible purchase of PWA?

MR. PEACOCK:

Mr. Speaker, I didn't say that. However, as the Premier has suggested I think we should have full and open discussion. Certainly we saw businessmen in the province of Alberta. For the reasons we have given they saw fit because of high interest rates and because of the amount of money involved, but also for another reason, that to put a consortium of businessmen together they could get a unified management team out of was a most difficult thing to do. And the people we discussed this with came to the conclusion that it couldn't be done at this time. The people we saw were Mr. McGregor of the city of Edmonton, Mr. Ron Southern who has been mentioned, in Calgary, Mr. Bud McCaig of Trimac and Mr. Fred Mannix Jr.

MR. DIXON:

One final supplementary question. Were there any discussions with the Allarco group regarding the possible purchase of PWA, Mr. Minister?

MR. PEACOCK:

Mr. Speaker, we mentioned that before and stated that because they had an ongoing dialogue as well as an offer in to PWA at the time the government became interested in the PWA acquisition, we felt that what may result from the International Jet Air and PWA negotiations was a corporate decision of PWA and left it as such.

MR. DIXON:

Mr. Speaker, to the hon. minister. Have there been any complaints to you or anyone in the government regarding the way PWA was taken over, either by the shareholders or by other groups that were trying to acquire PWA, and by that I mean Alberta groups not outside the province of Alberta?

MR. PEACOCK:

Mr. Speaker, I only recall one, what I would call, criticism. That was from Allarco in regards to the takeover. That's the only one that I've experienced.

MR. SPEAKER:

The hon. Leader of the Opposition followed by the hon. Member for Medicine Hat-Redcliff.

Directair

MR. CLARK:

Mr. Speaker, I would like to direct a supplementary question to the Minister of Industry and Commerce and ask him how long he and officials of the government had had discussions with an organization in Edmonton known as Directair which was interested in agricultural export outside Alberta?

MR. PEACOCK:

I think I'd like to refer that question, if I may, because I had such a short exposure to it, to my colleague, Mr. Miniely.

MR. MINIELY:

Mr. Speaker, I think my exposure to it was during the course of about a half-hour or, at the most, about a one-hour meeting. It arose because of a personal acquaintanceship that I had which extended for many many years with one of the principals of Directair, a Mr. Gordon Hiram. The meeting centered around the fact that they indicated they had a concept which was very much in the conceptual stage, and that basically they had learned through their examinations the same kind of conclusions my colleague, the Minister of Industry [and Commerce], had come to: that there was not adequate service in Alberta in the area of international air cargo in particular. During the course of the discussion we concluded that, one, they were developing a concept and I indicated to them, of course, that I felt we should have my colleague, the Minister of Industry and Commerce, drop in and meet with us during the course of the discussion.

Mr. Peacock came and joined our discussion and I believe we concluded the meeting by saying that the Government of Alberta agreed with the principals that there was a need for a greater development of international air cargo services, that this was important to the province of Alberta, that they had not actually received, or at that stage, I don't believe, had not applied for the Canadian Transport Commission rights and had not received any approval of the rights from the CTC, and we did not discuss in any great detail the financial structuring of the company.

So Mr. Peacock and I indicated to the principals that we would be only too happy to help them in any way we could through the Department of Industry and Commerce and the transportation people in that department. Now that's as far as my personal knowledge of this went. There may have been contacts with government departments after that particular meeting of which I am unaware, but which I am sure we can inform you of or determine.

MR. CLARK:

A supplementary question, Mr. Speaker to either of the ministers. Is it true that negotiations went on between representatives of the government and Directair here in Edmonton for almost one year and that they were advised the day before the government bought PWA that the whole deal was off?

MR. PEACOCK:

Mr. Speaker, in answer to that last statement, absolutely not. No way. But to further add to the comments of my colleague, Mr. Miniely, after the meeting in Mr. Miniely's office, the Directair people were then referred to the Alberta Export Agency and our transportation department because we had no further dealings with them. We had an evaluation come back from the department which I would read as follows:

This proposal proposed the purchase of one jet aircraft [that's Directair] to serve the developing freight charter market. At the time of the proposal, the organization had neither licences, organizational structure or finances to undertake the venture. They advised that they would be making application to either the Agriculture Development Corporation or the Treasury Branch and that bank finance would be required for working capital.

Research on the potential markets was conducted and consideration given to the financial structure proposed. In terms of the proposal on page 19 [which we have filed today], costs of financing were higher than anticipated and would be required to be passed on to the user in the form of higher charges.

In our estimation this would make the proposed organization unviable from its inception. The lack of back-up aircraft and the extreme time normally required to get a licence made the possible success of the proposal questionable and certainly not adequate to meet the needs of our developing economy.

That is a report that we received from our department.

MR. CLARK:

A supplementary question, Mr. Speaker. Could the minister indicate to us when you advised Directair that that was your decision?

MR. PEACOCK:

Mr. Speaker, I can't, but I will find out and advise the hon. member.

MR. CLARK:

A supplementary, Mr. Speaker, to the minister. Is it true that negotiations went on between Directair and officials of the government for almost a year before they finally got this turnaround?

MR. MINIELY:

Mr. Speaker, I don't know whether there was any contact with the government - I doubt it - prior to the meeting I referred to in answer to the hon. member's question earlier, which I believe was the first meeting at which they brought the concept to the attention of anyone in government. March 12 was the date that that was brought to my office. But at that [time] it was in a very conceptual stage, as I indicated in reply to the earlier question.

MR. CLARK:

A further supplementary to the Provincial Treasurer, Mr. Speaker. From the Provincial Treasurer's comments then, the government kept the Directair people on the string until the end of July and then told them no?

DR. HORNER:

Well, Mr. Speaker, if I might just add some ...

[Applause]

You know, I appreciate the applause from the other side.

If my honorable friend will have regard to the document I tabled today, he will find there that the three various groups which were interested in air cargo expansion of freight were one, Directair, and the other was a proposal by Mix Bros. These proposals came at almost the same time and in fact almost came as a result of work done in my department, trying to find additional air cargo supply that would be available for an expanded market opportunity.

As a matter of fact, Mr. Speaker, once the principals - and they did have some discussions with a group we set up in my department and the Department of Industry [and Commerce] with regard to a feasibility study with regard to market potential. That, of course, was the first step that any starting organization was going to require. That feasibility study was done and is part of the document that was tabled today. As a result of that feasibility study it was my indication that no further proposals came from Directair or anybody else in regard to air cargo.

MR. LUDWIG:

Supplementary, Mr. Speaker. I wonder if the hon. Deputy Premier could advise whether any proposal was ever made to Pacific Western before it was purchased by the government to provide the transportation services that he said he required in the agricultural industry?

DR. HORNER:

Mr. Speaker, again I would refer my honorable friend to the very important document we tabled earlier. In it there is a review of the situation with regard to air cargo problems in Alberta and western Canada. The approach we had at that time from the major carriers which were operating and the conclusion we found at that time, Mr. Speaker, was that we in western Canada generally were suffering from substantially higher air cargo rates than eastern Canada and indeed other parts of the world.

PWA - Consultations

MR. DIXON:

Mr. Speaker, I wonder if I could direct a question to the hon. the Attorney General. Mr. Attorney General, I was wondering if any advice was sought from you or anyone in your department prior to the takeover of Pacific Western Airlines?

MR. LEITCH:

Mr. Speaker, my colleague, the Minister of Federal and Intergovernmental Affairs, has referred to the legal advice obtained by the group of ministers who were working on the purchase of the PWA shares.

MR. DIXON:

I wonder, Mr. Speaker, if I could clarify my question to the minister. I wanted to know if you personally were involved in any decision of the takeover of PWA. And maybe while I'm on my feet, Mr. Speaker, in order to save time, whose recommendation appointed Mr. R. B. Love as a negotiator?

MR. LEITCH:

Well, Mr. Speaker, as a member of the priorities committee - and I was present at the meeting that has been referred to by my colleague, Mr. Getty - I was involved in that discussion which related to the purchase of the shares. I was also at the cabinet meeting which was held on the 30th, again referred to by Mr. Getty. While I wasn't

personally involved in the first discussions my colleagues had with Mr. Love, I certainly agree with the fact that he is a very knowledgeable, experienced and able lawyer in this area, and feel that certainly he was competent to give the government the kind of legal advice it needed in an important decision such as this.

MR. WYSE:

A supplementary question, Mr. Speaker, to the hon. Minister of Federal and Intergovernmental Affairs regarding the selection of Mr. Love. Did he receive a commission or [was he] promised a job as a director of PWA?

MR. GETTY:

[To] the second part, no. I'd like to refer the fees question to the hon. Attorney General because I understand that is within his responsibility.

MR. LEITCH:

Mr. Speaker, with respect to the size of the fee, in these cases I often have discussions, or members of my department do, with the solicitors who are doing work on behalf of the government with respect to the charges they make. By and large it is on an hourly basis.

I'm aware of the charges Mr. Love was making to the government with respect to the services he performed in connection with the purchase. They are in line with the charges, again based on hourly rates, that we are paying lawyers of his experience and ability for other areas of work that are done on behalf of the government. I should simply like to say, Mr. Speaker, that I haven't the slightest hesitation at all in assuring the hon. member that the account for the services rendered here will be very very significantly below what it would have been had he performed the same services on behalf of a private individual or company.

MR. WYSE:

A supplementary question then, Mr. Speaker. Has Mr. Love been appointed as a director of PWA?

MR. PEACOCK:

Yes, he has, Mr. Speaker.

AN HON. MEMBER:

They'll take care of him.

PWA Purchase - Fees and Commissions

MR. NOTLEY:

A supplementary question to the Attorney General concerning all fees and commissions. Is it the intention of the government to table an account showing all the fees and commissions disbursed with respect to the purchase of PWA?

MR. LEITCH:

Certainly, Mr. Speaker, we'd be happy to table those, and I'm not sure whether the hon. member wishes us to take that as a request to table them or whether he wishes to put it on the Order Paper. I think the usual procedure for that kind of request would be to put it on the Order Paper so that he defines exactly what information he would like.

Landing Rights - Edmonton

MR. NOTLEY:

Mr. Speaker, in answer to that, yes, I'll do that.

I'd like then to ask a supplementary question of the hon. Minister of Industry and Commerce and it is as follows: has the government given any consideration to making representation to federal authorities with respect to the landing rights of Hughes Air-West and Western Airlines in Edmonton as they affect the airbus route to Calgary?

MR. PEACOCK:

Mr. Speaker, that is a decision on behalf of PWA. We have not gone into the operations of PWA. It is apart from the ownership in the area that we have performed in, and the board of directors in their wisdom will see fit, I'm sure, to bring that to the attention of Mr. Marchand.

MR. SPEAKER:

Without wishing to solicit supplementaries, if there is a further supplementary on this topic, that will complete the time allotted to the question period.

MR. HENDERSON:

Mr. Speaker, I wanted to address myself to a different subject entirely.

MR. SPEAKER:

If there is no further supplementary then, I have actually recognized the hon. Member for Drumheller for the first question on another topic.

Federal Oil Tax

MR. TAYLOR:

Thank you, Mr. Speaker. My question is to the hon. Provincial Treasurer. Has the government yet received its share, that is one half of the oil tax collected by the federal government between September and January 1974?

MR. MINIELY:

Mr. Speaker, I'd have to check that exactly. We had received, I think, approximately \$68 million before the end of March 1974. But there is a quantity of funds held by the federal government which is contingent upon certain investments in the energy field. If those are the funds the hon. member is referring to, I don't believe there is any rush on those funds because they sort of belong to Alberta on a trust kind of condition.

MR. TAYLOR:

A supplementary. Will the interest that this alleged \$64 million is drawing come to Alberta or to the federal government?

MR. MINIELY:

Mr. Speaker, what would usually be the case in these matters is, where the federal government is holding a certain quantity of funds for the Province of Alberta subject to certain conditions, the interest would normally remain with the federal government, but I cannot give you a definite answer. It may be otherwise.

MR. TAYLOR:

One further supplementary. Does the government have objections to the conditions put on this, or the strings attached to the return of this money to the Alberta government? Does it object to those conditions?

MR. MINIELY:

Well, Mr. Speaker, I believe that question would be more properly answered by the Minister of Federal and Intergovernmental Affairs.

MR. SPEAKER:

Perhaps this answer might conclude the question period.

MR. GETTY:

Would the hon. member repeat it please, Mr. Speaker.

MR. TAYLOR:

Yes, I'd be glad to. The hon. Provincial Treasurer mentioned that this \$64 million had certain strings or conditions attached to it by the federal government, particularly regarding its investment in energy-producing industries. Does the government have any objections to these conditions laid out by the federal government?

MR. GETTY:

Mr. Speaker, broadly the condition is that the money be spent within Alberta on energy matters subject to agreement between the Government of Alberta and the Government of Canada. We have not completely received the kind of conditions they are going to want to impose.

I should say though that our general discussions to date have been that the money will be spent in research related projects. We've been talking about the potential for research in coal gasification, for research in breaking through on that part of the oil sands which is not now recoverable by surface mining, in the area of environment reclamation and research in the oil sands, and perhaps [in] forms of surface mining for coal. But what we are attempting to do is to make sure that the money will be spent in research and will not be a means for the federal government to become involved even more in moves towards the management of our resources, which are clearly a provincial responsibility.

ORDERS OF THE DAY

GOVERNMENT MOTIONS

MR. HYNDMAN:

Mr. Speaker, I move that the hon. Premier report to the Assembly respecting the operations of government during the period of the adjournment of the Assembly for the summer recess to October 23, 1974, and that the said report be received and concurred in.

MR. CLARK:

Mr. Speaker, if I might, on a point of order, ask what procedure the Speaker plans to call in calling this motion. I would ask the Speaker to look at the motion carefully. I submit after some study, Mr. Speaker, that if we're going to call this motion, how the Speaker is going to call this motion ... Our concern over here is that if the motion is followed very carefully, members of this side of the House and in fact anyone other than the Premier may very well end up not having the opportunity to debate the motion. It is for that reason, Mr. Speaker, that I rise at this time and certainly at the very least want a clarification on your part.

It was my understanding, Mr. Speaker, that the Premier would not be able to make his report, if I might use the term, "on the state of the province" or the business of the province since the last session in the course of the debate on this motion; that really what we are debating in this motion is whether in fact the Premier should make that report to the Assembly, and that we concur in the report he is going to make. On two counts, Mr. Speaker, we on this side of the House can't accept that. First of all, we obviously cannot accept that we concur in the report before we have heard the report. Secondly, Mr. Speaker, we don't think the thing should be handled in a manner so that no other person than the Premier will be able to speak.

I raise this at this time, Mr. Speaker, because I think it is significant to the members of the Assembly to recognize that virtually the same motion was called at the last two fall sessions. On those occasions, Mr. Speaker, the motion was moved by the Premier and a very, shall I say, liberal judgment was shown by yourself in the course of the breadth of the debate.

I suggest, Mr. Speaker, that now that the hon. Minister of Education is making the motion today, it's a very different situation. And I would very much appreciate, Mr. Speaker, a ruling on your part that members on both sides of the House will be able to speak following the Premier's comments. If that isn't the case, Mr. Speaker, I would want to move an amendment to the motion saying that the report be received and debated during this session. So I would await a ruling by you, Mr. Speaker, on how you propose to handle this particular situation.

MR. HYNDMAN:

Mr. Speaker, certainly the moving of the motion by myself was not intended in any way to change the procedure which has been in effect for the fall sessions of the last two years. We would see the most liberal interpretation and the widest possible latitude, as was the case in the last two years, in debating the motion by members of both sides of the House, and full opportunity for members on both sides, as they wish, to speak after the Premier. We would see the motion brought up again probably tomorrow evening and probably on one further occasion. So we wouldn't see any change with regard to the totally wide latitude of all members to debate any and all subjects under this motion immediately following the Premier's remarks.

MR. LUDWIG:

Mr. Speaker, rising to speak to the point of order. The hon. Government House Leader already indicated that it was going to be a very limited debate - we'll call it tomorrow night and perhaps on one other occasion. We had experience with the hon. Premier's report on the state of the province before where he got his licks in and then that was the end of it. We had to virtually force the government to call the motion for debate again. We don't like that because I think it is unfair, unfair to both sides of the House. We would like a commitment that this motion will be called sufficiently often that ...

MR. HENDERSON:

On a point of order ...

MR. SPEAKER:

Order please.

MR. LUDWIG:

I'm on a point of order. You may not interrupt while I'm on a point of order, Mr. Speaker.

MR. HENDERSON:

I think the question before the House is whether ...

MR. SPEAKER:

Order, please. There is a point of order before the House, and if we are going to raise points of order on points of order we won't finish. Would the hon. member please complete his ... [Not recorded] ...

MR. LUDWIG:

What we want is a commitment that there will be opportunity for full debate, not the situation where they will call it Monday night and once more and that will be the end of it. That is not an opportunity for full debate of the issue that the Premier will deal with, and related issues. That is the concern we have. I think it is a legitimate concern and the opposition must make a stand by getting a commitment from the hon. Mr. Speaker or move an amendment to the motion.

MR. HENDERSON:

On the point of order I simply wish to submit that while I didn't wish to take exception with the hon. Member for Calgary [Mountain View], it seems to me the basic question we are deciding at the moment is whether the motion is debatable in principle by the House, and not the nature of the debate that is to take place. I think that even notwithstanding the statement by the Government House Leader, in view of the question which has been raised, it is desirable at least that the Chair take the matter under advisement with a view to clarifying whether the motion is appropriate or not just for the sake of future considerations before the House.

MR. STROM:

I would just like to point out too that in the motion as it reads now we would not really be debating the hon. Premier's talk. We would actually be debating the hon. Minister of Education's motion as to whether or not the Premier shall have the right to speak. I refer you to 17 (b) which states: "... for the receipt of and/or concurrence in a report which has been tabled in the Assembly." We do not have a report that's tabled in the Assembly at the present time. As I read the rules I do not see anything in here that really clarifies to us as to whether or not we are going to have an opportunity to debate. I think it is most important, Mr. Speaker, that this be clarified before the hon. the Premier speaks, because as it stands now I understand that we would be debating the hon. Minister of Education's motion as to whether or not the Premier shall have the right to report.

MR. LOUGHEED:

Mr. Speaker, I wonder if I could comment on the matter, on the point of order. If the other side has objection to Motion No. 3 and the way it is proposed there, we had two sessions where we felt that with the fall session it was useful to have an overall report by the leader of government on what had occurred in recess. In the fall of 1972 and 1973, I believe, that occurred, and there were occasions for debate and response from the other side. I believe there were two occasions at least in addition to my remarks.

However, if there is some technical objection to doing that, I'm in the position that I have not spoken on Motion No. 1 on the Order Paper. I would be quite pleased to suggest that if there is some technical problem there, the government would be quite prepared to withdraw Motion No. 3 and Mr. Dowling perhaps might let me have the floor relatively quickly.

MR. CLARK:

Mr. Speaker, in commenting on the matter before the House, it seems to me that we have one of two approaches that we follow: either, if you feel [it] appropriate at this time, give a ruling to the House on the point of order raised; or secondly, I would be quite prepared to go ahead and move my amendment to the motion which is under consideration, Motion No. 3, so that it would read:

Be it resolved the hon. Premier report to the Assembly respecting the operations of the government during the period of adjournment of the Assembly for the summer recess to 23 October, 1974, that the said report be received and debated during the session.

I emphasize again the two points which concern me: in this motion as I understand it we are debating whether in fact that report shall be made, and we are being asked to concur in that at the same time. My submission to you is that we shouldn't be doing that; that in fact we should take this amendment, unless you want to rule at this particular time.

MR. DIXON:

On a point of order, Mr. Speaker, I wonder if I could get clarification. The hon. the Premier mentioned a few moments ago that he could follow under Motion No. 1, but I believe the hon. Premier has already spoken on the debate on the budget.

MR. HYNDMAN:

Speaking on the point of order, I made that very clear, Mr. Speaker.

MR. SPEAKER:

The hon. Member for Drumheller on the point of order, followed by the hon. Member for Pincher Creek-Crowsnest.

MR. TAYLOR:

Mr. Speaker, I believe the difficulty could be readily cleared if the wording was changed a little bit. We are using the word "report" there as a verb and I think we intended it to be used as a noun. If you said, be it resolved that the report of the hon. Premier to the Assembly et cetera, et cetera be received, then we are debating the report and not whether or not the hon. Premier may report. I think if that were cleared, the thing would be very readily understood by all.

MR. SPEAKER:

Perhaps in the discussion we have lost sight of the original point of order made by the hon. Leader of the Opposition, and perhaps he would like to state just exactly what the point of order is which he wishes to raise on the format of the motion.

MR. CLARK:

Mr. Speaker, my point of order is this: we want to be assured on this side of the House that there is going to be ample opportunity by a ruling from yourself that in fact, once this motion is called, there is going to be debate by members from both sides of the House. If the Chair doesn't feel that it can make that type of ruling then I submit what we are really discussing here, with the motion as it is now before us, is whether all members will be able to participate in the debate, because this motion, Motion No. 3 - really in essence the issue is whether the Premier shall report to the Assembly or not.

Our concern is that if the Premier reports we want everyone else to have a chance to report from their standpoints too. That is the basis of the proposition I put before the House.

AN HON. MEMBER:

Agreed.

MR. SPEAKER:

As I understand the point of order of the hon. Leader of the Opposition, he wishes to have an assurance from the Chair that if we go on to deal with this motion as it now stands there will be ample opportunity to debate the motion, and it's quite beyond the scope of the duties of the Chair to allot time of the House for any matter at all.

There would appear to be, from some of the submissions made by hon. members, the possibility of saying that the motion is actually twofold, one of them being whether the hon. Premier should report, and the second being whether that report, if and when made, should be received and concurred in. That's a matter which I must leave to the House. But as far as the request by the hon. Leader of the Opposition for clarification as to whether there can be an assurance of time to debate the motion, that kind of assurance can't come from the Chair.

MR. LOUGHEED:

Mr. Speaker, did I understand your ruling to say that I could proceed?

MR. SPEAKER:

My understanding is that we have a motion before the House and that the hon. Premier has risen to debate the motion. As far as I am aware at the moment there is no point of order which would preclude the hon. Premier from commencing to debate the motion.

MR. LUDWIG:

Mr. Speaker, on a point of order. The point raised by the hon. Leader of the Opposition was that we be assured that this will be handled fairly and that we will have an opportunity of reply and debate, which I believe is our legitimate purpose here and our right to claim. We're not interested - the Premier can table his speech as far as we are concerned. We want to be able to take issue with things he said if it suits our purpose. That's what we are here for. But if the Premier is going to do what I once referred to as a hit-and-run job on this Legislature, give his speech and take off, I want to move an amendment to the motion, Mr. Speaker, and I have the ...

MR. SPEAKER:

Order please. Any hon. member, when he is recognized in the usual way, would have the right and opportunity to move an amendment to the motion.

MR. LUDWIG:

Mr. Speaker, but the government is not obliged to call this motion at all after the Premier has spoken. They did it once before. We have good grounds for suspicion that this may be tried again. We have no assurance from the hon. Government House Leader that he will call this motion to allow us full debate, and that is our concern. Now certainly the Government House Leader can stand up and make that commitment because he indicated he might like to do it, but we have not any assurance at all that this debate will be called more than once or twice in the fall sitting. That is our objection. I think it is a proper objection, Mr. Speaker.

MR. SPEAKER:

The hon. member may state his objections within the rules to the extent that he may feel advised when his turn comes to speak on the motion.

MR. LUDWIG:

But, Mr. Speaker, on a further point of order, why would not the Government House Leader not stand up and tell us whether we are going to debate this motion, as we requested. Or are we going to play it the way we feel like it - by the government?

MR. SPEAKER:

It's completely beyond any comprehension of the Chair to see how the objections of the hon. member can constitute a point of order.

MR. LOUGHEED:

Mr. Speaker, in participating in the debate on Motion No. 3, it is first of all the government's intention that there will be, to reiterate what the Government House Leader said, an opportunity for Motion No. 3 to be debated. We will bring it forward by way of government business tomorrow night and at least on one further occasion so members can participate.

MR. LUDWIG:

... [Inaudible] ...

MR. LOUGHEED:

However, I am disappointed that the hon. Member for Calgary Mountain View is not interested in the remarks that I propose to make in terms of - I hope that what I am attempting to do is try to describe the operations of government as it affects all members of the Legislature within the 75 constituencies as well as the people of Alberta, to try to describe of very important actions that have taken place by the government during the course of the past four months, the reasons for those actions and their impact upon the people of the province. We, of course, will welcome the response from the other side with regard to these actions, their views as to how they would have done things differently, their alternate constructive suggestions, and will await with interest their response.

Mr. Speaker, it has always been my view, since we came into office in September 1971, that with a fall session of the Legislature and a gap of some four months, instead of not hearing from the leader of government on the very many things that occur in this complex area, it would be very useful to have an overall review of government operations. It's particularly appropriate in this case, I suppose, for me to do that because I did not so far, to this point, participate in debate under Motion No. 1. So I wanted to do a wrap-up, if you like, of the operations of government.

Mr. Speaker, since June 6, which is some four months, a great deal has happened in this province. I wanted essentially to review it today, to focus on our operations. It's not my intention to make any major announcements, any new directions in policy, but to try to set the stage as to where the government is now with its various programs, a review of its position arising out of the Speech from the Throne in this session of the Legislature, and go on from that point.

Mr. Speaker, one of the pledges we made as government was to move around the province and not find ourselves in any way, as a government, trapped under the dome where the citizens had to come to us. I think we have very effectively followed through with that commitment we made to the people. Since this Legislature recessed in June the cabinet has been involved in some four tours of the province. The first one was in early June in Calgary, which gave us an opportunity to look at the situation in that city in terms of an economic broadening of the base of the city of Calgary which involves all of the MLAs from that city in terms of the future of the city of Calgary and the whole picture of Alberta.

There were a number of specifics that we were involved with that were brought to our attention. Certainly the needs and desires of the people regarding the Alberta Children's Hospital is one that comes to my mind, but there were many others.

We followed the Calgary tour with a cabinet meeting in Calgary and met with representatives to the oil and gas industry in full cabinet at that time.

Later on in the month of June we had a tour of northeastern Alberta which was also very effective, from our point of view, in getting an awareness and understanding of some of the special needs that have been brought to us in the Legislative Assembly by MLAs from that area and seeing them first hand. Certainly the question regarding small airports is one that comes to my mind as a specific highlight of that area and the need for having that sort of facility.

We followed that up with a tour in the early part of September into northwestern Alberta. We covered a number of areas again seeing first hand some of the needs of our citizens. It brought to our attention the situation with regard to the lumber and the forest products industry. I understand the minister will be making an announcement within a few days regarding some steps this government intends to take to support and assist the forest product industry in its present time of market difficulty.

This was followed by a tour in the early part of October into southeastern Alberta. We saw portions of the province which some within the cabinet had not seen before. We saw the sage brush rolling, which has been mentioned here on occasion, and I think it was a matter of some enlightenment for northern ministers to focus upon the diversity of this province as they drove through parts of southeastern Alberta. Certainly it confirmed for

us what has been said by the members opposite, and by the Minister of the Environment, of the very important needs regarding water in this part of Alberta on a continuing basis. One of our thoughts with regard to long-term investment is clearly going to have some heavy emphasis in that area.

Mr. Speaker, since we were last in session here there have, of course, been some very major changes on the federal scene. The important one, I guess, to summarize it in a line, is that the federal government is no longer in a minority position in Canada and they are armed with the new mandate of a majority government. That has significance for this province in a very important way in terms of the negotiations we have with them with their new majority mandate.

Of course that mandate does not extend into western Canada and definitely not into Alberta, where over 72 per cent of the seats in western Canada were taken by the party which was also the party of government in this province. The 19 MPs from Alberta of course are going to continue to play a very important role in terms of Alberta and its interests in Canada. But based on federal government policies and budget, I think it's clear that the mandate the federal government has today can in no way be considered as having extended to the citizens of this province. The actual statistics are that the largest vote that is essentially not a vote in support of the present government in Ottawa, on a percentage basis, was that which came from the citizens of Alberta.

Mr. Speaker, only time will tell whether or not the Prime Minister's remarks on election night of July 8, to the effect that fairness would be given to those regions which were not reflected in terms of the government caucus, but that they would be reflected in terms of the policies of the new government in Ottawa - only time will tell whether there will be this wider understanding of the legitimate aspirations of the people of western Canada. I suppose one of the tests of that will be the federal budget, presumably sometime in the latter part of November, in its treatment of the petroleum industry which is based in the West and headquartered in Alberta. That will be an important test.

Mr. Speaker, since we were last involved there have been a number of developments in relations with other provincial governments. They have been strengthened. Certainly at the Premiers' conference in Toronto in September the statement regarding natural resource taxation in the final communique is one which was taken at the initiative of Alberta and is one that I commend to you, Mr. Speaker, and to members of the Legislature. It states as follows:

The provincial leaders unanimously and strongly re-affirm their responsibility for mining taxes on oil and gas royalties derived from provincial ownership of resources. Until the federal May budget proposals this principle had always been recognized by federal governments.

Premiers were unanimous that the non-deductibility of provincial royalties in mining taxes determining federal income tax was contrary to the spirit of Confederation. They also expressed disappointment over the unilateral manner in which these proposals were introduced. The premiers felt that this action was a blow to the improved federal-provincial relationships that appear to be developing after the energy conference.

The premiers stressed that they have no objection to continuing federal taxation of resource corporation profits. However, they questioned the validity of the federal government's contention that its corporate income tax base would be eroded seriously by increased provincial resource royalties in mining taxation.

The premiers strongly urged the Prime Minister, in accord with the spirit of this principle, to take provincial views on resource taxation into consideration by removing the feature of non-deductibility of provincial royalties and mining taxes from the next federal budget.

This position was reiterated at the Western Premiers' Conference in September and, of course, is very important to the citizens of this province.

Mr. Speaker, in terms of our relations with other provincial governments: despite our philosophical differences with the other governments in the West, in the areas of transportation and rail freight rates - I'm sure the Minister of Industry and Commerce could bring us up to date on it in more detail - we are continuing to work together with other provinces in the West with transportation being so important.

Mr. Speaker, during the course of the summer we also had some discussions with Quebec to strengthen our relationship with that province. It's clear in the national scope of things that if we are going to protect provincial rights, they are very important to the future of Alberta and to this Legislature, we have to do our best not to be isolated and to have whatever support we can have on principle in some of these matters. I think our efforts to work along with the Government of the Province of Quebec, which has had a traditional concern in this area, is one of which all members are aware and can understand without my elaborating.

With the Government of the Province of Ontario and their very unusual position, I guess, for the manufacturing base of Canada to be so dependent upon outside energy sources. They are having such clout, if you like, in the national public arena. We have done our best to work with that province and to try to develop good relationships, and I feel that we have them.

A great deal of time has been spent with the provinces in the east. I foresee the time when we are going to have significant oil and natural gas develop off the east coast of Canada, and I think it will be a good thing for Canada. I think it will strengthen the position of vulnerability which the eastern part of Canada has regarding natural sources,

Canadian domestic supply. Certainly the Eastcan discovery off the east coast of Labrador is one of significance which we are all watching. For that reason, Newfoundland in the future may have a very important and pivotal role in terms of Confederation and in terms of the views of provinces and their relative strength to the federal government.

For that reason we made a special trip to Newfoundland. They invited all the premiers of Canada to come as part of their twenty-fifth celebration in Confederation. Only two premiers actually attended personally, myself and the Premier of Saskatchewan. I think it's important for us to have good relations there. The fact that we have these good relations across all the provinces of Canada, despite the obvious differences which we have in terms of our resources and our situation, is I think a credit and a tribute to the Minister of Federal and Intergovernmental Affairs in his brand-new department which is so obviously needed in these modern times.

Mr. Speaker, within Alberta there has been a large number of new programs and initiatives to help and improve the way of life of our citizens. These improvements are in terms of new social and benefit programs. Many of them have been under way in the three short years that we have been in office, but there has been a number of new programs launched since the House was last in session. I would like to review them for the members with regard to their impact and set forth a few examples.

The important ones can deal with the larger issues, but sometimes coming very close to home for all of us is the question of the mentally handicapped. We initiated a program of substantial and overdue improvements to the facilities in the Alberta School Hospital in Red Deer and also at Deerhome in Red Deer. They involve such facilities which, it strikes me, the average Albertan looks to almost as a matter of course and right, and yet were not there. I'm thinking of swimming pools, gymnasiums, theatres and a diagnostic and assessment centre and being able to get out of the difficult dormitory situation which exists. We have a long way to go but we have started on cottage-style group homes, 23 of them in that area, and I think those are the sort of initiatives that we tend to think deserve the highest priority for our citizens.

In looking at the health care of our citizens, we also felt it was important to have ourselves involved in a very appropriate way in August 1971 in a commitment which we met and carried forward to air condition the hospital in Medicine Hat. I knew as we did it that that would be the start - we went into it with our eyes open - and that we would be besieged with requests from southern and southeastern Alberta, and we have. Frankly I think the case was made, and made well, and is valid.

So this summer we felt we needed to make a commitment which involves a five-year plan of over \$6 million to upgrade some 16 active and auxiliary treatment hospitals in south and southeastern Alberta. I think, when you go into those hospitals and see them in the hot days of summer which they have in the south, northern members will appreciate the need for that sort of special arrangement there, because there is no question that that occurs.

Mr. Speaker, another move we made during the course of this summer was a recognition that one of our concerns - I'm sure a concern of all members - is a developing situation of looking to government to do so many things. What could we do to encourage our communities to be more proud of their community, of their community activity, make the community a greater centre of focus of the way of life for Alberta. The imaginative idea of our Minister of Culture, Youth and Recreation, who I admit is a pretty effective salesman, is a special program of community involvement where the government will provide up to \$2,000 for any community organization, city, town, village, municipal district or improvement district for some \$3.5 million.

I'm pleased to see the way the program is working out. Mostly what is happening with the communities is that they're providing the materials through the grant and they're using their local community effort by way of labour and their own voluntary work to see that the materials are used. The labour is one that is contributed, and on a voluntary basis. I think it's a program that has been very well received. It's in addition, of course, to the recreation capital grants of \$3 million annually and the \$1.1 million of agricultural society grants that have occurred annually.

Another thing that has been developed, to shift to the north over the course of the summer, is our student bursary program of the Northern Alberta Development Council to assist northern students to advance their higher levels of training and academic achievement. This has been worked out by Mr. Adair in close consultation with the Metis Association, and is an important step forward.

In the area of housing, we found that because of the situation generally of a low mortgage supply, the Alberta Housing Corporation needed additional mortgage funds. Hon. members will recall that the budget provided a very substantial increase of over \$50 million in housing in our budget. Some may have wondered, and perhaps legitimately so, why we came forward then with an additional direct lending budget, jumping it from \$28 million to \$43 million. But it was the assessment of our Minister of Municipal Affairs, who is responsible for the Alberta Housing Corporation when in the Legislature, at the request of the new board of directors, that that was a necessary gap which needed to be filled and was not being serviced by private lenders - a very important step forward.

Mr. Speaker, another matter that involves the same areas is, of course, the question of renters in the province. Very recently we came to the conclusion that because of the circumstances in the province where the vacancy rates, which were larger than the average in Canada, were beginning to be filled up, despite our Alberta Property Tax Reduction Plan, there was a need to give some assistance directly to renters. For that reason we doubled the assistance so that the average citizen will be looking at something in the

neighborhood of \$150 a year, with a \$50 minimum, and I think the minimum was a very important refinement of our existing program.

During the course of the past four months we also brought in a new course development for advanced education of some one million additional dollars that appears in the special warrants, involving new courses that we thought were warranted by the Department of Advanced Education at The University of Alberta, University of Calgary, University of Lethbridge and the colleges and technical schools, looking in terms of the broadened diversity of Alberta and its future and our manpower needs.

Mr. Speaker, one of the specifics on which we moved this summer was in the area of water. In addition to the very large budget appropriations regarding water, another area was overdue. We did a specific assessment and frankly, when it came to my desk and I got involved with it, I simply couldn't believe how, after some 36 years of government, our predecessors had not moved in a more extensive fashion on water supply in the Red Deer-Calgary corridor area, and that in Innisfail, Bowden, Olds, Didsbury, Carstairs, Crossfield and Airdrie, which is one of the most settled parts of this province, there was an inadequate water supply for our citizens. Quite clearly there was a need here that was overdue. We felt, rather than wait for the next budget, that we should get it moving and get it moving quickly. So we have a \$10 million project of two-source water pipeline from the Bow north and from the Red Deer River south to provide treated water for these communities. The entire system will be operated and maintained by the provincial government. It should allow potential further growth and a very good balance in this particular area.

This is a summary form of a number of the important specific new initiatives that we've been involved in.

Mr. Speaker, we note some concern has been expressed, and properly so, on the other side with regard to the magnitude of special warrants. That's an appropriate position for the official opposition to take and to raise in the House. For that reason, we have tabled a document today setting forth the special warrants that have been approved, dividing them in terms of the areas. Of the total of 141 million, some 90 million involve extraordinary special warrants as a result of emergencies, conditions which could not be anticipated at budget time. A very large number of these involve emergency assistance for farmers and municipalities arising out of the weather conditions and storms of last spring and winter. I trust, when we deal with this matter in general, that no member of the Legislative Assembly begrudges that decision to help out these citizens for circumstances which were not within their control.

Some portion of the special warrants deal with unanticipated costs and probably the prime one is in the area of highway construction. The cost of materials, the cost of manpower and the tenders that were coming in made us reach one of two decisions. We either had to cut back in the work that we would do during the course of this summer and with the potential of a good fall - or the hope of a good fall, is a better way of putting that - to complete some of the work, because we certainly hadn't had good construction conditions during 1973. We could either cut back or we could pass a special warrant to reflect it. All I can say right now, with the fall that we've been getting, is that I'm delighted we made the decision to proceed with that expenditure and to take advantage of the present conditions. Because even with the higher cost of materials and manpower, a great deal still needs to be done.

Mr. Speaker, in the area of new programs, it's true we could have waited for next year's budget for some of these programs and some of the ones that I've just mentioned and outlined, but I doubt that any MLA on either side of the House really would not want us to move with decision and expedite some of these programs, because they are certainly dealing with matters of overdue reform.

For those who criticize the extent of the special warrants, I hope they will give us the advantage of their views by specifically identifying which ones they would not have proceeded with. It will help us and the citizens of the province to understand the nature of their priorities and their attitudes.

Mr. Speaker, this brings me to the question of the progress of many of the programs which have been reflected in our budget over the course of the last four months.

In two short years, certainly in early childhood education, I am very impressed with the figures. Starting virtually from nowhere in early childhood education, I am now informed that there are some 22 thousand young people in this province participating in a program that involves a high degree of parent participation. Also I am pleased, and I think great credit should be given to the Minister of Education in resisting all those pressures to standardize this program and merely fit it within the normal one, and to put a heavy emphasis on the community and on the parents themselves in working with the authorities. The breakdown, which also surprised me, is that of the 22,000, 13,000 are urban but 9,000 are in the rural areas of the province. I think that program is a real credit to ... [Inaudible] ...

One of the items we have been working on that would involve a 'catch up' is the question of sewage facilities for our local governments. If we are going to move in a program where we have a strong effort to expand the smaller centres in the province quite clearly it is necessary to get the basics, the simple basics, of local government brought up to scratch. We have done that with 94 municipalities, I am advised by the Minister of the Environment on the program he brought forward here over three years - are now participating in this important sewage assistance program.

Mr. Speaker, two of the areas we have been working on, in terms of economic development, involved small business and the small farmer. In small business the Alberta

Opportunity Company continues a success story. It really is becoming quite a success story because of the way it is operating.

It is interesting, I was involved in a meeting on Saturday where they thought the majority of the loans were going to manufacturing concerns. Members will recall debate in previous sessions as to whether the Opportunity Company should be expanded beyond manufacturing and get into the service areas. That is an important question because we now see that service exceeds manufacturing on about a 55 to 45 ratio in terms of the loans.

We received some criticism because of the way the figures were presented, as I recall, about a year ago with regard to the Alberta Opportunity Company. Despite our emphasis not [being] exclusively outside the metropolitan areas but primarily directed outside the metropolitan areas, the statistics didn't appear to show that. Well, they now show that 70 per cent of the loans of the Alberta Opportunity Company are outside the two metropolitan areas and 30 per cent are inside.

Mr. Speaker, I think it is important for members to note the average loan, which I think is the one we should pay attention to with the Alberta Opportunity Company. I know members opposite and members throughout the House should watch the average size of that loan because if we are saying we are going to try to help small business, there are going to be times when we are going to get involved with a few of the larger loans, but the real emphasis should be on trying to help small business by getting that average loan as small as possible. And yet it has to be large enough, of course, to be significant. I'm pleased the present figure is \$131,000 for an average loan. I think that is a pretty good position for the Opportunity Company; being involved in meaningful, viable business but at the same time not being involved in large companies.

There will no doubt be more discussion, Mr. Speaker, on this matter on the amending act that is now before the House and has been introduced.

The Alberta Agricultural Development Corporation has put quite an emphasis on beginning farmer applications. I notice, too, that with regard to the extensive operations involved both in terms of agricultural processing and diversification of our agricultural economy, even there we are dealing with an average of \$46,000 on all loans which is a figure that is important to members.

Mr. Speaker, on balance these new programs which have been reflected in our last two budgets are, during the course of the past four months, moving through the system to their basic purpose, to help our citizens. Frankly there is no doubt there are still some kinks to be ironed out. There are still some refinements to be made, and that is always true with new programs.

I am constantly being pressed by the ministers, and properly so, to give them more time to deal with the implementation of existing programs, to fine tune them better, and perhaps less time on discussion and consideration of new programs. I suppose if we could get the federal government and other governments to pause for a sufficient period of time, we might have a chance to do that. But I know the need to have these programs do what they are set out to do, and that is, to help the people in this province. I sense in my travels that the people, though, are aware of the programs and are well aware that we have accomplished a great deal in a short period of time. But they have their questions, and properly so, and they should be raised here, both in question period and in debate, as to how they can be improved and refined.

Mr. Speaker, this brings me now to a matter that I felt is appropriate to outline at some length to the members of the Legislative Assembly. I am sure it has been pretty obvious over the course of three years that the government has developed an industrial strategy for the province. We were asked once, I recall, with some surprise - I am not sure that I can pinpoint either the question or the time - if the government would in fact be specific and outline in a comprehensive way what its industrial strategy would be, and is.

Mr. Speaker, despite the strength of Alberta's economy today, we remain very concerned, deeply concerned, about this province's ability to sustain its prosperity over the longer term, after the period of high production and high revenues from depleting natural resources tapers off, as it will. This province's economy, in our view, is too vulnerable and too dependent upon the sale of depleting resources for the continued prosperity of our citizens. Perhaps we have another decade, but I doubt more than that, to diversify our economy. I use a decade and somebody asked me why. I use it because our conventional crude oil reserves run out, on present forecast, in about a 12-year period.

Mr. Speaker, we will always remain a strong resource province in Canada. But I feel, and have felt over many years since I have been involved, that we will leave a sad legacy, all MLAs who are involved in this Legislature, if we don't face up to the fact that we can have a lack of economic muscle to sustain our quality of life in the longer term and it will be a sad legacy indeed we leave future generations of Albertans.

If you need to pinpoint something right now, just talk to people who are in the lumber industry, the forest product industry, and find out how critical they are when they are at the end of the situation where decisions made by the U.S. government regarding housing literally overnight change them from a prosperous position to one of desperation and almost potential bankruptcy. The feeling, I think, is shared historically in this province by many people who have been involved in agriculture.

I'm disappointed frankly with the support the government received from our citizens on the issue of Petrosar, and I have said so on a couple of cases. I don't know why. Perhaps it was because it came within the course of a federal election campaign. I would have thought it would have been an issue that the citizens would have been more concerned

about than they apparently were. The fact that they are not indicates that we have to do a better job of public communications to our citizens and not have them look at today's revenues - that's like looking at the amount you might get if you sold your farm or sold your house - but look more at the long-term position of what you might earn from that farm or what you might do with the proceeds from the sale of your home. I don't know, I guess it is something all members of the Legislature should be concerned about and maybe I am overly concerned because of the fact that it came about within the situation, unavoidably, of a federal election campaign.

The facts still are that manufacturing in Canada, which is where a lot of the highly skilled jobs are, the jobs that give a high degree of security, are less susceptible to fluctuations in terms of world economy, provide a good return and under existing circumstances pay off in terms of skills - Ontario still has over 51 per cent, or over the majority of the total in Canada, British Columbia 9.3 per cent and Alberta 4.2 per cent.

And so hope that there is a recognition by members of the Legislature and by the citizens of the province that the economy of Alberta despite our present prosperity, despite our present action in the short- and possibly the medium-term, is vulnerable in the longer term.

Mr. Speaker, we've tried to outline the economic goals of the Alberta government and the basic goal is that, as a province in transition, we should diversify and become less dependant upon the sale of unprocessed resources, particularly non-renewable resources.

We have four supplementary goals: first, to spread the growth on a balanced basis across the province - "decentralization" may be the term if you prefer it; I like "balanced economic growth" - to capitalize upon the potential, and I say the spirit too, of the smaller centres of this province and to assure a better quality of life for our citizens living not just within the smaller centres but, in my judgment and I think that of the people of the province, within the metropolitan areas as well. My reading of the people of Alberta - one can't read too much into the plebiscite and the recent municipal election in Calgary. But one can read something into it and that of course is that I sense that the people do not want inordinate growth; that they want orderly growth within the metropolitan areas is one that's accepted by our citizens at large.

Secondly, to strengthen in this province what is truly free enterprise by strengthening the small and the locally-controlled businesses in the province. Thirdly, by upgrading the skills of our citizens to create higher productivity, greater income and more job satisfaction than, frankly, comes from a lot of unskilled work. And fourthly, to capitalize upon our natural advantages in Alberta, such as being the gateway province to the north, the recreational potential of the eastern slopes, the untapped food-growing potential of the province and the assured source of supply we have for petrochemical feedstock.

This basic goal and these four supplementary goals in total give us the foundation for our overall strategy which I would like to underline and present to the members in a summary way. I presented it to the Calgary Chamber of Commerce in early September. I thought that was an important opportunity and will be meeting again with the business community in November - I think it's November 14 here in Edmonton - to review some of their views, and in due course with labour groups in the province to see what input they can put in to our way of implementing this industrial strategy, or if they have any refinements they would like to make.

First of all, to maintain our continued pressure for fair market value for the sale of our natural resources; next, to use a portion of government revenues as capital funds to encourage diversification and decentralization; next, to insist that our resources are, as much as practical, processed and upgraded in Alberta so that we do not export jobs with our resources; next, to recognize that transportation is the key to diversification for this landlocked province of ours, far from the population and market centres and a substantial distance from tidewater; next, to take advantage of every opportunity to process our agricultural products here in Alberta prior to shipment; next, to capitalize on our tourist potential which is a very promising area for small and local business and for new jobs for our younger Albertans, both young girls and young men; next, to offset our transportation cost obstacles by holding our energy costs low to give a competitive advantage to our businesses - and our two-price natural gas system and the lowest gasoline tax in Canada is a way we have gone about doing it.

Next, to establish taxation policies which will encourage local business, continue to maintain our position as one of the few provincial governments with no estate tax, the only provincial government with no sales tax, and move forward with a new corporate tax system which emphasizes incentives for small business.

Next, to maintain a climate of welcoming outside investment. We can't be an island here in Alberta. We can't expect to sell in other countries and around the world if we try to create walls and barriers here. All we ask is that they come within fair conditions to meet our environmental requirements, to meet our standards of giving an opportunity to citizens here to participate and, as corporate citizens, to contribute in terms of who is participating in terms of the subcontracting, the consolidating, the purchasing and the manpower.

Next, to emphasize in government programs, skill-upgrading; to provide as much as possible, needed manpower requirements by Albertans. Here I refer to our expanded technical and vocational training programs, our apprenticeship programs and our job-training emphasis.

Next, to encourage research by both private and competitive groups to give competitive advantage to local groups and hence develop specialty industry in this province.

Next, to decentralize government operations as far as practical for the smaller centres, and at some appropriate stage I would like to review what we have done there.

And finally, to ensure that our environmental standards are understood, consistent and fair. And here I refer to the air quality standards that have been developed over the last few years in consultation with those who have been affected.

Mr. Speaker, this is the industrial strategy as it has been developed by the Government of Alberta over the course of the last three years. I think, by presenting it here in the Legislature in October of '74, it will provide all members and the citizens with a better opportunity to see the directions in which we are going, the reasons for many of our policy decisions, the reasons for our concern about the vulnerability of Alberta and what we hope to do about it in the years ahead.

I think, too, as we get into the question of the investment of additional funds from natural resources, it will be important for members to realize that our approach in that area and on that very important matter - which I will deal with later in my remarks - will in fact be within the Alberta industrial strategy in part, and also within the question of the social areas where we still have some way to go in terms of improving services and the situation for some of our citizens who are less fortunate.

Mr. Speaker, I'd like to move now to the question of transportation. As mentioned in my remarks on industrial strategy, transportation is the key, the clear key, to Alberta's future. Alberta, as I mentioned, is a landlocked province far from tidewater. That's our geographical limitation. But our geographical advantage too - and we have one - is that on a map of Canada you can foresee by just a quick glance that we are the natural gateway province to the north.

Well, Mr. Speaker, this government today in Alberta is determined not just to talk about it, but to do something about it. I think it's quite a record, and I would like to deal with it and bring members up to date on some of the recent developments.

First of all, in the area of rail; essentially this is a federal jurisdiction. There is little a provincial government can do except press as hard as it can to make what changes it can in policy involving freight rates and situations of that nature and bring fairness to the West and to the outer regions of Canada. But rail is essentially a federal situation of jurisdiction, so all we can do is press our argument with the strongest possible force. The previous government tried to move in the area of rail, to do something about it. I guess it's our judgment that they moved in the wrong way with investing some - I guess it's \$100 million extra in the Alberta Resources Railway - and the financial disaster is one that is a constant concern to this government. Despite some efforts we have made, we see a continuation of \$8 to \$9 million losses a year in the Alberta Resources Railway.

Mr. Speaker, our assessment as a first step in our policy was to try to change the National Transportation Act, which was based on competition and, frankly, I don't think we were getting anywhere. I know that the previous government made some effort in this regard, too. Quite obviously, a national transportation act which is based on competition means that in those areas where there is little competition all that ends up is, the railways just charge the most they can, what the traffic will bear. And how we got to be a nation where we are spread in population - and we all keep saying that one of the tenets of Canadian policy is regional development - and then, where transportation is so critical, have a transportation policy that's based on that premise is one that I frankly simply can't and haven't been able to understand.

At the Western Economic Opportunities Conference we took a pretty strong position. We selected transportation as the point for Alberta to present among the four provincial governments. And some said perhaps Mr. Peacock and myself fought too hard and came on too strong in that encounter with the Prime Minister and Mr. Marchand. But we said that a national transportation policy must recognize that competition acts unevenly at present between the various regions of Canada and between large and small users of transportation services. Mr. Speaker, I frankly didn't get the impression they were listening. In fact I got more than that. I got the impression they weren't agreeing with us. But come September 30, 1974, 14 months later, the federal government Speech from the Throne says as follows:

The government believes transportation rates should continue to be based on the principle of competition among alternate modes of transportation in areas where there is effective competition. Where such competition does not meaningfully exist, transportation rates can not be allowed to exact what the market will bear.

Well, at least there is a policy breakthrough. We recognize there is a long way to go to transmit that policy breakthrough into an actual impact to the small business in this province. Recent meetings have been held and perhaps the hon. minister might have a chance later in the fall session to elaborate upon the last few days where they have been continuing to keep the pressure upon the federal minister to follow through on that. We are not unaware that it will take some considerable period of time before we can see the actual concrete result in that statement being followed through, recognizing the multitude of regulatory bureaucratic roadblocks that can be placed in the way of that statement ending up in terms of concrete reality for our citizens. Regardless of that I think it's a significant point to have seen.

Members will recall that I stood in my place in the Legislature in April 1973 on our April budget and tried to make a strong case that if we were really going to put a

position to the public and to the federal government with regard to the matter of freight rates, it was essential that we have the information as to the cost disclosure by the two major railways. The sceptics said, and I recall them saying, we're just talking, it just simply can't be done. We went ahead at the WEOC conference, the second point under cost disclosure, to say that to evaluate the present rate structure and to develop an unprejudicial system of transportation pricing requires full public disclosure of costs of all modes of transportation. Well, the Speech from the Throne of the federal government on September 30 now says, that's part of it, right from their Speech from the Throne:

That ensuring rail costing data will be made available to provincial governments pending consideration of a more comprehensive transformation information act.

Well, again, it will be a long way and a long number of years, I suppose, before these two developments show their actual impact upon the province. But I think members will recognize there has been a breakthrough from a policy point of view and that is where we had to start.

Mr. Speaker, that brings me next to the area of trucking in this province, which is an essential transportation problem that has to be part of our attack on all fronts of transportation. We have moved with a new highway upgrading program to strengthen our roads for our truckers, to increase the gross vehicle weights on our main highways. It's part of an agreement we have worked out with the federal government. I suppose if we added it up, there are a lot of agreements we make with the federal government. I suppose the public news seems to emphasize where we have disagreements, but there are a lot of other things being undertaken by way of agreement and this is a good example. This allows a tandem tractor-trailer unit, which is the common kind of large vehicle, to carry 80,000 pounds and double units, 110,000 pounds. It will be helpful as a benefit to both internal and interprovincial truckers. The truckers can run more profitably, can overcome the shortages, we hope, more quickly and create faster deliveries. So it's a development that has to go part and parcel with our total thrust on transportation.

The next area has been our recognition that in terms of transportation, and as part of our program of decentralization, we have to reflect that in these modern times air transportation is becoming more and more one of the keys, and that our future is going to be tied in with air transportation. And because our future is tied in with air transportation, some of the smaller centres have got to have improved facilities with airport development. We have, therefore, entered into already with a number of airport development permits of significant funds in Vegreville, Hinton, Lac La Biche, Fort Vermilion, Rainbow Lake, St. Paul, High Prairie, Drumheller, Drayton Valley and Barrhead.

AN HON. MEMBER:
Barrhead?

MR. LOUGHEED:

Notice the way I listed the last one. I can't resist; the list was presented to me in the reverse order.

Mr. Speaker, in terms of air transportation, recent data shows that we have an annual growth rate of air freight in Canada of 25 per cent per year but that foreign-owned carriers still carry the majority of Canadian origin and destination air freight. At the Edmonton hub the estimates of potential are that from a 42 million pounds a year base in 1970 we have a potential of 200 million pounds in 1985. But there is simply a tremendous potential in terms of air freight.

What has been tabled in this Legislature today, which I commend members to look at, is a document on Opportunities for Alberta's Agriculture Exports by Air, dated October 18, 1974, by the Alberta Export Agency, particularly the summary that's involved there. It says that

Alberta has experienced difficulties in taking advantage of export opportunities in entering into the mainstream of international air trade. The obstacles relating to cost and availability of equipment, as well as associated marketing problems, has presented the province's agricultural industry with a dilemma, that of developing sufficient export industry to warrant suitable air service, but at the same time requiring suitable air service to develop the new export business. Traditionally, the more highly developed air transportation capability of Central Canada has enhanced agriculture exports from that region. This has placed Western Canada in an uncompetitive position, as pointed out in the departmental report.

There are numerous new market opportunities opening up which will require as a prerequisite suitable air cargo services. Such commodities as breeding stock to Latin America, eastern Europe and the Pacific Rim, along with a host of fresh and processed foods and food products to the Canadian north, Alaska and Japan, are currently in demand.

For that reason, the conclusion of the report is that:

The opportunity is here and the time is ripe for Alberta to develop a totally comprehensive and fully integrated air cargo complex to take advantage of the province's fortuitous location relative to main air transport corridors of the world.

The western Canadian air cargo terminal located in Alberta holds a potential for a major distribution centre to all of Canada. For Alberta to enter into the mainstream of international trade, and to fully realize the province's potential

for agricultural economy, an Alberta-based air transport company with world scale capability is essential.

Mr. Speaker, in addition, there are some important areas in the travel industry, and an international charter in the travel industry which provided much untapped potential. At the same time as the potential expands for Alberta - and I'm talking about the potential - private sector capital for airline expansion is diminishing. The airlines which are not government owned throughout the world have been facing an increasingly difficult position. Most of those airlines are in the United States, but the recent report of the British Caledonian Airways was that it was ceasing its operation. In the United States two of the biggest carriers, Pan American, which wants a \$10 million a month subsidy from the United States government, is now merging with Trans World Airlines. The reason, of course, is simple - the cost of equipment and the fuel cost. But the cost of equipment of three Boeing 737's, such as PWA has on order, is \$20 million. I would like you just to compare that figure with the acquisition costs of the airline of \$36 million. That's \$36 million in total. Three Boeing 737's require \$20 million.

Now the Alberta government, in air transportation, believes in terms of a provincial input as being essential [to] the gateway province to the north. It's an integral part of the future economic growth of this province. While we have in the last few months been in the process of assessing air transportation as a key for Alberta, two serious setbacks occurred. The first one arose out of Wardair. This is an Alberta-based and-owned operation that needed extra capital and sought it from private sources. It spent a considerable amount of time, as I understand it, trying to do so because of the magnitude of the funds required. They were unsuccessful and they were, therefore, forced to merge with Air Canada. What's the result? They are now moving from Alberta to Toronto. And that is a setback for this province.

The second one regards the position of Pacific Western Airlines as it has been developing as a carrier. Although a successful operation having important charter rights for air freight, it faced, as all airlines did, limited funds that could be applied by way of capital expansion. And although it had developed a very significant credibility in the area of international air freight and cargo air freight into the north as well, it was clear from the costs of airplanes and the increased fuel costs faced by airlines that in the short term at least it would have to give preference to the existing position of passenger service and would have to cut back on its long-term potential.

Pacific Western Airlines, it should be noted by members, in addition to its northern routes has a charter authority to any point or points in Canada and any point or points in the United States. It also has world air freight rights, landing rights in Commonwealth countries and numerous European countries and most other trips, on a one-to-seven notice basis. Pacific Western Airlines has some very valuable assets indeed in that situation.

It is recognized and accepted that the charters involved are subject to regulatory decisions of other governments. But it's clear too that those charters, when they are in fact served as I attempt to answer today - if there is proper and adequate service, I see no reason why, without discrimination, they can't be effectively and properly maintained.

Perhaps I could move to a summary statement of our judgment to acquire Pacific Western Airlines and then adjourn for my further remarks. By way of summary of our judgment to acquire Pacific Western Airlines, Mr. Getty mentioned in his statement today that we welcome debate on this subject, look forward to it and would like to hear all the views expressed by members on this matter. As far as we are concerned Pacific Western Airlines has been, is and will continue to be, an important factor in the Alberta transportation system.

Secondly, it's pretty clear from anybody who has done any analysis of this situation that Pacific Western Airlines is one of the keys in terms of northern development and in terms of Alberta's future as a gateway province.

Thirdly, Pacific Western Airlines is promising untapped potential in air freight and tourism and other air services that haven't been taken advantage of because of a limitation of capital.

Fourthly, as I mentioned, PWA did not appear, at least recently, to be moving in that direction despite their progress, but were moving backwards due to a limitation of capital support.

Fifthly, none of the proposals our government had received regarding expansion of air freight could be considered as having any substance. They were highly speculative. They involved starting from scratch. They came clearly asking for government financing of an enormous situation for private development, and they did not have the equity financial resources to get involved in any material or significant way in terms of air transportation.

An operation such as Directair is just overwhelming evidence. The overwhelming evidence is that it would be years before it could get off the ground with even the one jet aircraft that it was talking about. Any comparison with a position such as that and Pacific Western Airlines is just not there. The completely overwhelming evidence, the overwhelming evidence, is that Pacific Western Airlines has a potential, a base, the routes to expand a successful management operation and a great deal going for it.

Pacific Western Airlines was also susceptible, as Mr. Getty pointed out, to immediate takeover by a number of groups. We watched it over a period of time and interested Alberta groups were not Alberta based. I think Mr. Peacock has clearly pointed out that International Jet Air was trying to get a bail-out of its particular situation and not in any way, shape or form to get involved with building up PWA.

Despite the relative ease to take over Pacific Western Airlines, no Alberta-based group had made any significant attempt to do so. The groups, such as Federal Industries, which were likely to take over PWA, did not appear to have either the funds or the intent to capitalize upon Alberta's air transportation potential. In fact the reverse was true. Our evaluation was that they would withdraw into a B.C.-Yukon access. Finally, an airline operation, as I have mentioned, is a monopoly situation and does not have a significant effect, and we have committed ourselves to support the third level regional carriers.

Having regard for all these reasons, Mr. Speaker, the Alberta government was prepared to take bold action to strengthen the position of our Alberta economy. Mr. Speaker, I sense as I travel that the people of this province understand and support our decision. They recognize they have a government committed to the concern over their future, prepared to be bold, prepared to have some imagination and worried about the future of Alberta.

Mr. Speaker, I see I'm out of time and I beg leave to adjourn the debate.

MR. SPEAKER:

May the hon. Premier adjourn the debate?

HON. MEMBERS:

Agreed.

MR. SPEAKER:

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

[The House rose at 5:30 p.m.]