

LEGISLATIVE ASSEMBLY OF ALBERTA

Thursday Evening, October 24, 1974

[Mr. Speaker resumed the Chair at 8 p.m.]

GOVERNMENT MOTIONS

3. Hon. Mr. Hyndman proposed the following motion to this Assembly:

Be It Resolved 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.

[Adjourned debate: Mr. Lougheed]

MR. LOUGHEED:

Mr. Speaker, in continuing with my remarks on Motion No. 3, it would seem appropriate at this time to deal with a number of important matters regarding the field of energy, which are of significance, I am sure, to the Legislative Assembly and to Albertans generally.

There are, and have been, a number of important developments since the last session, and since the Speech from the Throne was presented in this Legislature on March 7 as well. Since the House recessed, the government, concerned with the reaction of the petroleum industry headquartered in this province [to] the unfortunate and, in our view, discriminatory provisions in the federal budget regarding the petroleum industry, recognized that we would have to do what we could to encourage drilling in this province because we are confident, as the advice of our Energy Resources Conservation Board points out, that there are considerable additional reserves of both natural gas and conventional crude oil to be found in the province. And yet the assessment that the industry has made - and they can be quarrelled with either in the aggregate I suppose or the specific - but the general assessment is that the black cloud of the budget proposals of May 6 by the federal government has been very difficult for the industry.

There were some things we thought we could do in an interim way. One of them of course was the definition of 'new' gas. We have a royalty rate substantially lower in the aggregate for 'new' gas than we do for 'old' gas, and we expanded that definition to include natural gas which not only was in the category of recent discovery but also was in the category of having been discovered but not yet in production.

We received a very positive reaction, and I am sure during the course of the fall session the ministers who were involved will be pleased to answer questions regarding the nature of the oil and gas exploration industry. The response we had to that particular decision, coming as it did in July, was an important and substantive move by the government; and in our judgment, even though there has been some reduction in total drilling, I believe it encouraged drilling in the province and encouraged the industry in a psychological way at a very important time.

Another step which was taken with regard to the government in the field of energy was the Alberta Energy Company. The decision was made due to the present prevailing market conditions, that the shares should be presented to our citizens at a time that would be more likely to get the sort of positive response that we want and we hope for from our citizens. So the minister who was responsible, Mr. Getty, announced that [in] the offering of shares for the Alberta Energy Company, 50 per cent of the shares will be deferred until our assessment is that the market conditions have improved in terms of issuing shares to the citizens of the province.

We also are very pleased that we have been able to attract to one of the most challenging jobs in Canada, as the president and chief executive officer of the Alberta Energy Company, a man of the stature and experience and with the feelings about Alberta [of] Dave Mitchell. He has gathered about him, and with him, a board of directors of outstanding successful people who represent a good blend of experience in the energy industry, experience in manufacturing, a geographic appreciation for the province and an awareness of the company's future. I think they will do very well indeed and I think we

all, as Albertans, are pleased that that particular board has been able to come together under Mr. David Mitchell.

The Speech from the Throne, Mr. Speaker, referred to an Alberta Resources Growth Company. We have been assessing that matter for some months now and have come to the conclusion that the Alberta Resources Growth Company will not proceed, that we will defer such a concept for the foreseeable future, until we are fully and completely satisfied that the Alberta Energy Company has been fully launched, the shares have been assimilated by the citizens of the province, and hopefully held by the citizens, perhaps even more than that, that the company has perhaps even gone into a second or third issue. Then, for that reason, as the letter that I tabled [yesterday] noted, we would expand somewhat the terms of reference and the ambit of operation of the Alberta Energy Company, but at the same time assure that that company's position is essentially one of holding a minority share position in projects and is not involved in an operational concept. Hence the Alberta Energy Company would be a probable vehicle [for] moving into the areas such as petrochemicals, which the Speech from the Throne originally contemplated would be for the Alberta Resources Growth Company.

Another step we made that was very important in terms of energy, but equally important in terms of our policy of decentralization and balanced economic growth, was our oil sands corridor. We were studying the matter for some time. We knew that if we simply let the normal corporate decision-making occur, we would find a situation where the pipeline from the Syncrude plant would go from Fort McMurray and follow the pattern of the Great Canadian Oil Sands plant and come into the eastern portion of Edmonton. At that stage we would be building up a tremendous and I think undesirable, concentration of heavy industry and industrial complex and refining, beyond [what] we were satisfied to see for the citizens of Edmonton or the citizens of Alberta.

So we made the decision and took the step of developing an oil sands corridor which brings the pipeline down to essentially a position such as Skaro, moves it to the east through Andrew and into Myrnam, just below St. Paul, with a leg up from St. Paul to connect in due course with the Cold Lake heavy oil deposits and then brings it down to a connection at Hardisty.

I worked hard at trying to get them to come down to a connection at Lougheed, but they had some difficulty with the larger maps that they had in determining that particular community! But they moved to Hardisty and I think the overall concept is an excellent one for northeastern Alberta.

I think it will have a tremendous impact upon a number of the constituencies represented here in this Legislature, and will really show to the citizens that we mean it when we talk about balanced economic growth and that it fits within our industrial strategy.

I'm very pleased with the positive reaction we have received from this approach, both here in the capital city of Edmonton and throughout the province. That is, of course, a decision of considerable significance.

But, Mr. Speaker, I suppose my major concern tonight is to bring together for the members the fact that the Speech from the Throne in this Legislature referred to: "... the accelerated development of the ... Oil Sands [to] be reflected in a 'Statement of Guidelines' for future projects - it [would] include ownership and environmental provisions."

Mr. Speaker, the actions that have occurred since March 7, 1974 have been very very significant indeed. One of the most significant ones of course is the pressures by the federal government and the consuming regions and by central Canada to insist that at least until now to July 1, 1975 the price of crude oil at the wellhead be \$6.50 a barrel as an average when the world prices today are an additional \$5.20 at least a barrel. So essentially we have a frozen Canadian wellhead price of only about 60 per cent and less than that perhaps of the world price.

This has had a very disturbing impact upon the development of the oil sands and oil sands projects because with the inflation in terms of cost that has occurred, because of the difficulties of assuring supply for Canadians even with the applications that are before the Energy Resources Conservation Board and some before the provincial cabinet, a high degree of uncertainty has existed. Even though the Prime Minister was relatively clear - and I believe my understanding of his words is accurate - that the price of crude oil in the nation should rise to a level that is sufficient to encourage an appropriate degree of oil sands construction and oil sands production, the fact of the difference today and the pressures on the price at \$6.50 is certainly one that mitigates against the investment in projects of a billion to a billion and a half to two billion dollars by people who wish to bring their technical skills to this province.

The fact the federal Minister of Finance, Mr. Turner, has chosen to specifically concur with the financial arrangements on a taxation basis for Syncrude, which is to the effect that our plan of having our royalties based on 50 per cent of the profits being acceptable as a situation for federal tax, but being not prepared to go beyond the Syncrude plant in terms of giving that assurance for those that are considering future projects, is something also that creates a high element of uncertainty for those [who] are looking forward on a longer-term basis.

Now I suppose there are those [who] would like to see development of the oil sands without the private sector. But I think that those of us who have taken any time and any trouble to assess the need to bring together the technological skills and talents throughout the world will recognize that an appropriate partnership arrangement such as we launched with Syncrude is the desirable answer.

That's not to say that we shouldn't increase the degree of Alberta ownership through the Alberta Energy Company in the third and fourth tar sands projects. We should and we will. But it's also true that it should be done in a way that assures that we have partnership with the talent that's available throughout the world on a technological basis in this very complex field, and that that brings particularly the projects such as Syncrude with 50 per cent of the profits flowing to the citizens by way of royalty and then the participation by way of an option after the plant has been constructed. We have in Syncrude the best of both possible worlds for our citizens.

I assure you, Mr. Speaker, that my experience is that these projects are not projects that are planned overnight. There is a great deal of long-term thinking that is involved, and long-term thinking is certainly being done today by many of the people looking at the oil sands.

For our part - as we mentioned in the question period in answer to the proposals that Mr. Kahn had placed before the federal government, I believe it was Mr. Goyer referring to it - we quite readily agree that there are some significant limitations upon the speed with which oil sands plants can come on stream. We are doing an assessment of that. They can come too rapidly for the benefit of the citizens of this province. But they also can come too slowly. They also can be indefinitely delayed. Then when one looks at the fact that we have only 12 years of conventional crude oil supply left in Alberta, recognizes that a plant such as Syncrude is involved with only 125,000 barrels a day and adds the 60,000 barrels of the GCOS plant, it's quite obvious that at the end of that 12 year period, in order to sustain the prosperity and production that we need in terms of conventional supply not just for Alberta and not just for Alberta revenues but for the nation of Canada and our position in terms of self-sufficiency in energy, one can ... [inaudible] ... that in 12 years, perhaps 10, a recognition that unless we are moving with some dispatch to project three and project four, we could find ourselves in a position early in the 1980s that is highly undesirable not only for Alberta but for Canada.

I issue these warnings to the members of the Legislative Assembly so that we can be aware first of all, in my judgment, of the soundness of the decisions we made with regard to Syncrude. The fact we made a decision there and the prices then increased - I'm very very pleased indeed that we don't have an arrangement which involves a small percentage of gross royalty but that we have one half of the profit position and hence we have a tax arrangement which is satisfactory for Syncrude and for the federal government and a very sound approach with Syncrude.

But we have had some developments since that time which involve an intervention in the normal market situation by the federal government and central consuming provinces which comes up for discussion and consideration prior to July 1, 1975; we have the uncertainty relative to taxation; and we have, in my judgment, considerable antipathy toward this nation on energy matters by the United States as a result of actions that have been taken in other areas, in terms of natural gas supply, reactions taken by the federal government with regard to an export tax that was supposed to be a follower and not a leader, and reactions by the United States government in terms of recognizing that Canada has to and should look after its own needs first, which is certainly a policy that we endorse. But at the same time when we make long-term arrangements, we should be prepared to stick with them and maintain them.

All of this taken together in terms of the future of Alberta is that we had better strive for a situation [in which] there is not too rapid an acceleration of oil sands plants that we can't manage in terms of our manpower limitations. But on the other hand we should not be so much on that side of concern that we don't recognize that these factors which have occurred may have in fact caused the circumstance where those who are considering proceeding on oil sands plants, with frozen prices at \$6.50 and uncertainty in taxation, may find it not in their interests to do so. So under these circumstances I cannot think of a least desirable time for the Government of Alberta to come down with a statement of guidelines for future projects. We will watch the matter as it develops and in due course report to this Legislative Assembly.

Mr. Speaker, this brings me next to the matter of surplus funds. We have been working with careful concern on our long-term plans regarding the investment of these natural resource revenues which we consider to be additional to our budgetary general revenues. It may be possible for us to have a statement of goals and objectives and possibly even of terms of reference during the next Legislative Session in 1975. They will, however, be general and not specific, and we will have some broad parameters that we will be developing these goals and objectives within.

These parameters involve first, a commitment that the bulk of the funds must be invested in the recognition that the citizens today in Alberta and we here have a claim to them. But there is also a claim by young Albertans for their future, that there are capital funds. And even beyond young Albertans there is a justifiable claim by Albertans not yet born, future generations in short. That will be one of our parameters.

Secondly, a parameter for the investment will be that these funds must be invested with a minimum of interference with the competitive private sector activity. Those of us who have been in discussion and debate over matters such as the Opportunity Company will recognize the difficulty of involving oneself with large funds on a loan basis and not unintentionally choosing and giving benefit to one competitor in the private sector over another.

Thirdly, the magnitude of these funds, these capital funds which will have to be invested, must be invested in ways which will not unduly disrupt, either nationally or provincially, the financial institutions and the capital markets that we have. In

addition to that the parameter must be such that they should be invested in such a way that the essential feature of Alberta society and strength which is an investment that will not thwart the individual enterprise and individual initiative of our citizens will have to be a fundamental parameter of our investment.

Finally, much as we would like to do so, I think Albertans would feel that we are charged with the responsibility that the bulk of these funds must be invested within the province of Alberta or closely, very closely, related to economic and social activity within the province. There is no question too that some element of the funds, even though they are of a capital nature, will have to be looked at in terms of long-term social investment. But an ability to quantify that in areas such as research or education or health, are ones that will be challenging to us when we face the fact that our services today generally across the board in these areas are, if not the best in Canada very very close to it, with only limited exceptions.

Mr. Speaker, the situation though, as we work towards this over the coming year, is not one that Albertans should view with any really legitimate concern. I've been told just so many times that we should take our time and think through and get the views of our citizens. I said once: "... the views of our citizens as to how the money should be invested." I had a little difficulty in communication because somebody communicated: "... as to how the money should be spent," and my mail was very extensive for the next two weeks. I have been trying to get back on the view that what we are really looking for is views with regard to how the money should be invested, not spent; if I could underline the important distinction that's there.

In the course of this, though, and while we're working on it, I'm delighted with the performance record of our Department of the Treasury, for the average effective interest rate of return on our surplus funds is 10.8 per cent. So there's no question the province is doing very very well indeed while our plans are developing. The people on the other side may, for their own purposes, want to try to hurry us. They can try. They simply aren't going to succeed. The citizens don't want us to. They want us to think through these important decisions which are unique both in the history in this province and frankly in the history of Canada.

We will be making a few interim moves. I would imagine within a few short days we will be having an announcement from the Minister of Municipal Affairs regarding the financial position of municipal governments, which will be important. This would be in addition to the last three years in our record regarding provincial-municipal assistance where we, I think, have done a remarkable amount in taking over literally the full costs of health, almost entirely the full cost of education, and left to municipal government essentially the entire field of property taxation. Some municipal governments have chosen - perhaps some of their electors reflected this in moving fairly rapidly into the vacuum of the field that was left there relative to property taxation; but on the other hand it was our judgment that rather than restrain that, it should be opened up. I believe that that judgment was one that was urged by members opposite.

Mr. Speaker, in conclusion, despite our concerns on the longer-term vulnerability of the economy of Alberta, and despite our concerns with regard to some of these energy developments, I would like to conclude on a very positive and a very encouraging assessment of the existing state of the provincial economy after three years with our government.

Frankly the economy of Alberta has never been stronger. New jobs have been created [to] a very substantial amount; over three years well in excess of 90,000 new jobs for our citizens, which is a very significant factor. We have in this province the highest participation rate of a labor force, which means [that] proportionate to other provinces there are more people working than any other province in Canada, that unemployment insurance claims, for example, went down a significant 29 per cent in the last year.

As far as agriculture is concerned, we share the disappointment over the livestock prices rising, out of being in a North American market where the United States livestock production, supply and consumption is essentially 10 times that of Canada, and where we have developed in North America a surplus situation. There are many authorities explaining the reasons, but certainly the on-again off-again U.S. action regarding price and wage controls was an important factor. But there are others, and we are disappointed, very disappointed, in federal government reaction in this area despite the call from the western premiers conference in September. Our government has given assistance, as we have noted and described, in terms of the cow-calf operator, and I'm pleased to see the report from the Minister of Agriculture that at least in the short term this has had an effect on stabilizing and slightly improving the market situation there.

On the other hand, aside from livestock there certainly is a lot of good news. We are in a very fortunate position with our harvest this year being almost completely done, certainly more than in the past several years, with a grain crop that is at least average and the best forage crop ever. In terms of pure statistics of agriculture, the net farm income for the province in 1970, the year before this government took office, was \$270 million. In 1974 [it] will be \$850 million.

Mr. Speaker, we concur with those who express concern regarding the economy of certain parts of the province, and certainly regarding the situation in the city of Calgary and its dependency upon the conventional oil and natural gas industry. It is one that we are watching carefully. But we are noting that recent reports, very recent reports, show that [in] terms of major cities throughout Canada, anticipated hiring for the months of October, November and December, the highest city in Canada is Edmonton, and the second

highest is Calgary with a startling 37.2 per cent increase in the number of intended hirings for that particular city.

Mr. Speaker in addition to that the Alberta average income per person is now growing significantly faster than the nation as a whole, and that's important to all of us here in terms of our economy.

There is no question that there are some storm clouds in the world today; storm clouds in terms of the international monetary structure, in terms of inflation pressures, in terms of essentially the psychology of confidence in world money markets. In all of these together, of course, Alberta is not immune. It's not an island. But I think that with the government policies and the private initiative in this province - and both of them, government policies and private initiative - we are likely going to be more able to withstand these pressures than other regions.

But I hope, within this period of time in Canada, that Canada as a whole will recognize that we have one great asset in this nation; an asset of being the only nation in the western world of an industrial nature that is mathematically self sufficient in energy, and that we won't over the course of the next weeks, take action and have policies that will destroy one of the few [times] and perhaps the only time in the history of this nation [when] we've had a competitive position in the world scene and a position to grow to the vision in the future that all of us would dream about. And that responsibility rests in Ottawa today.

Mr. Speaker, in October 1974 Alberta is in a strong position. We have taken bold action to overcome obstacles and start a process of reducing our long-term vulnerability. There are multiple government programs in many directions to improve the living conditions of our citizens. We recognize that much remains to be done, particularly to help certain groups in areas having less advantages than others. We believe the people in this province have the confidence in their ability, on their own to work, to maintain and to strengthen, and to look to a government that recognizes the strengths, wants to encourage the strengths, is prepared to help them overcome the weaknesses, and that the future will see an improvement in the quality of life for all and each and every Albertan.

Thank you.

MR. CLARK:

Mr. Speaker, in rising to take part in the debate, I welcome the opportunity.

First of all, I would welcome the opportunity on behalf of my constituents, the people from the good constituency of Olds-Didsbury, and I'd be less than fair in shouldering my responsibility to them if I didn't [express] to the Minister of the Environment, and in fact to the government, the appreciation those people in that area have for the announcement of the water pipeline [on] which, we are told, construction will commence next year. I certainly would be less than fair if I didn't acknowledge that.

There are, Mr. Speaker, approximately ten members on our side of the House in the Social Credit party who hope to have the opportunity to take part in this particular debate. It is for that reason, Mr. Speaker, that I don't plan to touch upon a large number of areas in the course of my comments this evening. What I would like to do, first of all, is to make some rather brief but general comments on the "state of the province" if I might use that term in light of the Premier's remarks. Then I would like to deal with the question of guidelines and priorities as far as expenditures are concerned in this province. Thirdly, I'd like to talk about where we go from here. What kind of Alberta do we want for the last quarter of this particular century.

Getting on to the first matter, Mr. Speaker, and some rather general comments [on] the speech made by the Premier, I would be less than fair if I didn't say that I was amazed that there wasn't considerable reference in the Premier's remarks about the insidious effects of inflation making existence a great deal more difficult for a lot of people in this province. It's true, Mr. Speaker, that we have made, over the past number of years, substantive gains from an economic standpoint. But regrettably, Mr. Speaker, there are a number of people in this province who aren't as fortunate as the members in this Legislature; people who are on low incomes, people who are on fixed incomes, people who aren't protected against the insidious effects of inflation.

Inflation is running something like 15 per cent at this particular time. I remind the members of the Assembly that a little over a year ago the government did take some steps to help some people, especially senior citizens in the province [to] cope with inflation. That was when inflation was running at a rate [of] less than 10 per cent. But the best information which I can receive at this time is that the real rate of inflation is going to be something like 15 per cent this year. If those people needed help when inflation was what it was last year, what do they need this year. So that seems to me, Mr. Speaker, to be one of the rather glaring omissions in the report of the state of the province at this particular time.

It's interesting, Mr. Speaker, that we have no mention of inflation, no indication of what the government has in the future for people facing that. At the very same time, in the last few months we have bought an airline, Mr. Speaker, which has its head office in Vancouver; we have invested sizable amounts of money in a steel operation in Saskatchewan; we have some kind of arrangement [with] Ontario in the city of Toronto as far as rapid transit is concerned; we are talking about some kinds of petrochemical deals as far as the province of Quebec is concerned; we have had some discussions, we are told, as far as hydro-electricity is concerned in Newfoundland. And we have done nothing as far as inflation is concerned in Alberta to help those people on fixed incomes. I think, very frankly, our priorities are screwy, Mr. Speaker, in that regard.

Mr. Speaker, the second area that I would just comment on very briefly: I noted the Premier's comments as far as special warrants were concerned. The Premier was I thought quite, if I might use the word, nimble when he said [that] if the opposition was going to - I paraphrase - be critical of \$140 million of special warrants, he'd like to know which ones we don't think should have been passed. We'll get to that point in the Spring Session.

But far more important than that, Mr. Speaker, the \$140 million is already the highest amount of special warrants this province has ever seen. And we're only seven months through the year. And I just give you one example of the special warrants which have been passed.

All the members know the budgeting process as far as the government is concerned starts in July, August or September and the budget is finalized shortly after the first of the year. One of the very very sizable special warrants - if my memory is correct, in the vicinity of \$30 or \$40 million dollars - is a special warrant, Mr. Speaker, dealing with assistance to farmers in northern Alberta whose crops were out last year. When the Minister of Agriculture announced that program in the House, we supported it. But, Mr. Speaker, it didn't take a chartered accountant, it didn't take people with a great deal of foresight, to know last fall and in the early part of the winter when the snow was on the ground, that there was going to have to be assistance to those farmers; they just couldn't make it. I suggest the budgeting procedure that this government uses leaves a great deal to be desired when you can't include something like that or at least portions of it in your budgeting procedure. Especially, Mr. Speaker, when the budget doesn't come down until the latter part of March, there is no reason whatsoever why that couldn't be included.

Another example, Mr. Speaker. There was a rather sizable special warrant that went through regarding construction in the Department of Highways. I am sure there isn't a member on this side of the House who hasn't asked for more highways in his constituency, and I suspect there are few on the other side who [have] done the same thing.

AN HON. MEMBER:

How about maintenance.

MR. CLARK:

And maintenance also. But, Mr. Speaker, let me say this: even the present Minister of Highways could have seen down the road far enough to know that prices were going to go up - even the present minister, talking about cutting them back. It didn't take much imagination last fall to know the price of highway construction was going to go up astronomically in this province, and nothing was done about it. I say that is darned poor budgeting procedure, Mr. Speaker.

Now, Mr. Speaker, we go on to a third area. This was the announcement made by the Premier as far as the corridor is concerned, coming from Fort McMurray down to Edmonton, and down to Hardisty. There are many excellent things that can be said about the corridor concept. I'd like, though, to just zero in on one area for just a moment. There is a community not very far east of Edmonton, the Round Hill area, where there have been ongoing discussions with the people in the area, with officials from the government, especially the Department of Agriculture and the Department of the Environment, about what the future of that particular area is.

Some very very difficult decisions have to be made as far as, do we take that agricultural land out of agriculture production, and do we then in fact take about seven hundred and fifty acres of reasonable agricultural land out of production yearly and keep it out for about ten years. That is a very difficult decision. I acknowledge that. But let me say this, Mr. Speaker: the application hasn't even been made to the Energy Resources Conservation Board yet for the public hearings to see whether this will go ahead, and woe betide, on the map that comes out showing where the corridor is going to go, what do we have about in that area already? A "p" for a power plant.

It's a bit difficult to convince those people in that area that they really are going to have much of a choice as far as their future is concerned in this particular situation.

Now, Mr. Speaker, I would like to move on to the second area of my remarks. That deals with the questions of guidelines and priorities for the future. I would refer first of all, Mr. Speaker, to the Speech from the Throne on March 7 of this year when, in addition to talking about the Northeastern Alberta Commissioner and many other things, I would draw particular attention, Mr. Speaker, to the third last paragraph in the Speech from the Throne, and I quote: "The Premier will be announcing a significant new direction by way of fiscal policy for Alberta during the course of the Session." We've been waiting for that. We waited for that during the Session.

Mr. Speaker, when the Provincial Treasurer brought down the budget he included in his budget speech: "As announced in the Throne Speech, during this session the Premier will be announcing significant new directions in fiscal policies for Alberta." We're still waiting, Mr. Speaker, for the policies this government is going to follow that will establish priorities and guidelines for the way in which they are going to spend the windfall revenues that have come to this province. We're still waiting.

Now about seven or eight months later, we're being told this evening that perhaps we can expect these guidelines next spring, perhaps we can. But if you get them next spring, they'll be pretty general. They won't be very specific.

I recognize that it's indeed a difficult job to establish what those priorities and guidelines would be. But when it's included in the Speech from the Throne and when it's

included in the Budget, one would have thought that a great deal of consideration had gone into those priorities and guidelines prior to [their] being included in the Budget and the Speech from the Throne. We're still waiting, Mr. Speaker, for these priorities and guidelines.

It seems to me that it isn't unreasonable for Albertans to ask where we are going as far as the expenditure of this windfall revenue. And I say, Mr. Speaker, that one of the reasons, one of the things that has happened as a result of no firm direction as to how we're going to spend that windfall revenue, as a result of no firm government policy in that area this government has acquired PWA in the course of the last few months.

When the announcement was made I recall in fact getting a telephone call [that] Friday morning from one of the members of the media. He said, we've learned that the Alberta government has acquired PWA. What comments do you have. And I said, oh my gosh, not even this government would do that. Yet, Mr. Speaker, we find out that in fact this government did that.

But let us look at two aspects of the PWA situation for a few moments. Let me first of all look at the question of why it was done. It seems to me that's a pretty reasonable question to ask. Why was this done? And the "why" really then infringes upon the government's credibility. And then after why it was done, let us look for just a few moments at the accountability process.

Let us look at the credibility question and the "why" first of all. I think most people would agree that one of the first reasons put forward for the Alberta government acquiring PWA was [that] the socialist hordes or the NDP from British Columbia were going to take over PWA. That was one of the first reasons, one of the first legitimizing reasons that came out.

Well it has become very clear, in statements made in this House yesterday by the Premier and certainly in statements made outside this House by Mr. Watson of PWA, that there was never a bid by the NDP government of British Columbia to take over PWA. That was a figment of someone's imagination to justify a situation they hadn't thought through very well. But that impinges upon the question of credibility.

Then, Mr. Speaker, we come to another reason that was bandied around as to why the Alberta government acquired PWA. Another one of the reasons we've heard from the members of the government and from officials of some government departments was: well, you know, White Pass & Yukon were going to acquire control of PWA and they would take the operation of PWA away from where most of the business is and run it up from British Columbia north.

Mr. Speaker, it doesn't take a great deal of serious thinking, it doesn't take a great deal of research to find out that first of all the directors of PWA had said they would not accept. More important than that, one of the directors of PWA was in a position of relationship with Canada Trust and the Canada Trust block was not available either.

Also it should be pointed out, Mr. Speaker, that the management of PWA had filed an intervention with the Canadian Transport Commission [as] did the Province of Alberta, and there would have to be a federal hearing before White Pass & Yukon could make any move. There was no need for the Alberta government to move and acquire PWA the way it did, as quickly as it did, without thinking the thing through. White Pass & Yukon couldn't have moved in quickly if they had wanted to, even if the price had been a price that would have been acceptable to the directors and to Canada Trust.

One of the things I enjoy about this government - and there are quite a few things I enjoy about this government - is how you can quite often predict what the government is going to do. I'm sure there wasn't one member on either side of the House who wasn't sure in his own mind that we would have what I would refer to as the PWA blizzard yesterday. I think it was to be expected and I'm pleased that it took place. But it's rather interesting that during question period yesterday when, I believe, the Member for Drumheller talked about the Canadian Transport Commission and how negotiations were moving along there, we were advised by the government that really the Alberta government didn't consider itself either a person or a corporation, therefore they didn't really have to report to the Canadian Transport Commission, and they were sure the thing could be worked out.

But you know, Mr. Speaker, in the paper blizzard of yesterday it's interesting to look at the intervention filed on behalf of the Government of Alberta: "... IN THE MATTER of [the] proposal by ... White Pass & Yukon Corporation Limited to acquire control of Pacific Western Airlines" This was filed on behalf of the Government of Alberta, dated July 7, 1974. I read from the first item: "The province is 'a person affected by' the proposed acquisition of shares in PWA by White Pass" and it goes on from there. "The Province is 'a person... '." I would like to know where the government gets their legal advice. On July 7 the province can be interpreted as a person as far as the intervention is concerned in the White Pass & Yukon effort. Now they are telling us that they have legal advice, I expect from some place else - although I sometimes wonder about the legal advice governments get - but I expect they got legal advice from some place else.

MR. LUDWIG:

From Miniely.

MR. CLARK:

Within three or four months it says the province is no longer a person as far as the Canadian Transport Commission is concerned.

It seems to me, Mr. Speaker, that this points out once again the kind of preparation that went into this; the kind of preparation that you unfortunately get involved in when you don't have a set of priorities and guidelines and know where the heck you are going.

Then, Mr. Speaker, [there is] a third reason that was passed on to us as to why the government had to acquire PWA, in addition to trying to keep the NDP government of B.C. out, which has been removed as an excuse that isn't valid. The White Pass & Yukon thing I think can clearly be put in the garbage barrel. The third one was: there was no one really interested in air cargo. All of a sudden we have now decided that air cargo has a tremendous future as far as Alberta is concerned. In fact I believe the Premier said yesterday something like [that] Edmonton could possibly become the air cargo centre for Canada.

Once again, remembering that this government is quite methodical and thinks things through rather well, I went back, Mr. Speaker, to the Speech from the Throne. I thought perhaps from the Speech from the Throne I might be able to get some glimpse of where the government was really going to have a push in the direction of air transportation and cargo development for the next year. There is not one solitary mention of that in the Speech from the Throne. If my memory is correct there is not one solitary mention of that during the Spring Session this year. So I conclude that sometime after the end of the first week in June and before 22 or 23 July we had this great vision that we had clearly thought out for some time before but had never mentioned to anyone. As a result of this vision, Edmonton and Alberta are going to become the air cargo capital as far as Canada is concerned. That isn't typical of this well thought out organization that the government portrays itself [as] being.

I went to the Budget, Mr. Speaker, to see if I couldn't find some glimmer of this huge air cargo development which has taken place in the course of almost six or eight weeks. The only thing I could find close to that at all was on page 17 of the budget under Transport Research and Development. It says:

An important aspect of our transportation effort is Alberta's contribution of \$500,000 to the Federal-Provincial Committee on Western Transportation established as a result of the Western Economic Opportunities Conference held last July.

I haven't seen any report that came out as a result of the WEOC conference which said that Edmonton and Alberta were going to become the air cargo centre for Canada. I hope it does. But we all know those things don't develop in six weeks. Those kinds of things don't happen just overnight. And for us all of a sudden to be talking about this being the air cargo centre is just a little too swift, just too much of a change of direction as far as I'm concerned. And so the question of Edmonton becoming the air cargo centre is interesting from the standpoint that never was there any inkling of the government's move in this direction until July of this year.

Then it's rather interesting too in the course of the releases which came out that really the reason the government wanted to become involved in the air cargo area was because no one else was interested.

I've done a little checking around and there were discussions held by a group of Edmontonians with officials of the Department of Agriculture back in July of '73 about this question of, is it possible that there would be enough business for a private firm to become involved in a cargo business out of Edmonton. At that time the Department of Agriculture was considering leasing from some existing airline, or they were going to support Alberta carriers. And the group considered, after it met with officials of the Department of Agriculture, that there were some rather good prospects in this area. After about six months of research, in November '73, they made a proposal to the Alberta government. In March, as the Provincial Treasurer said yesterday, he and Mr. Peacock met with the representatives of this organization, albeit a very small organization. They were only proposing to have one plane. But if you check back in the history of PWA, they started with one plane too.

SOME HON. MEMBERS:

Hear, hear.

MR. CLARK:

It was interesting yesterday in the course of the Premier's remarks when he talked about how the government wanted to be involved in self-help programs. This is a new kind of self-help program. People negotiated with the Alberta government for over a year. Then, within a week before the government bought PWA, these individuals were advised that all of a sudden the government had lost interest. Now if it was because they were only going to have one plane, they should have told them a year earlier so they wouldn't have done all the work involved.

Yesterday the Premier indicated the government was doing great things as far as small business is concerned in the province. He said, I believe, that the average loan from the Alberta Opportunity Company was something in the neighborhood of \$135,000. But then in the question period yesterday I got the impression that this air cargo proposition, albeit [it was] going to start with one plane, was too small, didn't really have a role to play in Alberta, couldn't really make a contribution. And yet, mind you, we're trying to help small businesses get going and we let this small business or these people involved carry on for the best portion of a year and then one week before we acquire PWA we just hack them off for some reason. And you see one of the reasons again that the government gave initially for its acquisition of PWA was that no one was really interested in the air

cargo business as far as this province is concerned. It's interesting, too, the report from Opportunities for Alberta's Agricultural Exports by Air. It's interesting that this was just finished on October 18, 1974.

SOME HON. MEMBERS:

Oh. Oh.

MR. CLARK:

It's also interesting to note on page 4 of the report that Appendix 1 is a report prepared by the Transportation and Research Development Division, Air Transport Branch, Alberta Department of Industry and Commerce, December 20, 1973, and that was several months after this group had been talking to the Alberta government about them becoming involved. One almost wonders if the Alberta government didn't get the idea from these people and then stole it and used it from there.

MR. WILSON:

Shame, shame.

MR. CLARK:

Now, Mr. Speaker, we go on to another reason the Premier gave yesterday, that PWA was a monopoly and so that really wasn't a part of the private enterprise orientation of the Conservative government, that there really wasn't that much wrong with stepping in and taking over some monopolies.

I perhaps should just stop here and say very frankly - I speak as an individual in this case - I don't like the idea of the government getting in and taking over PWA unless, Mr. Speaker, it could be proven to a point that Alberta was going to lose the services of PWA. If that was the case, if I was convinced that we were going to lose the services provided by PWA, that would put a different light on it for me. But I've seen nothing to date that indicates that; nothing in the arguments that have been presented in the media until now, nothing that was presented in the House yesterday and nothing in the course of the Premier's remarks, that convinces me there was a possibility, a very real possibility, that PWA wasn't going to continue to operate. Yes, there have been several proposals to buy them and there will likely be several more in the future. But for this great stampede of activity in the course of two weeks, there has been nothing presented yet that makes that a creditable argument, Mr. Speaker.

Then, Mr. Speaker, yesterday the Premier indicated, as I indicated earlier, about a monopoly. Well, if it's now government policy to take over monopolies, I suppose we could look to a number of groups that might be taken over. There are occasions when perhaps if one were going to take over monopolies, one might even look at the monopoly that a certain afternoon newspaper in Edmonton has, and perhaps that's the next one ...

SOME HON. MEMBERS:

Hear, hear.

MR. CLARK:

... or perhaps one or two of the papers in Calgary, or perhaps some of the broadcasting industry, or perhaps Greyhound. The argument that it's a monopoly frankly leaves me cold.

Well this gets back, Mr. Speaker, to what is the real reason. Very obviously, Mr. Speaker, the real reason isn't that the Government of British Columbia was going to acquire PWA. The real reason isn't, Mr. Speaker, that White Pass & Yukon was going to take over PWA overnight. The real reason, Mr. Speaker, wasn't that there was no one else interested in cargo freight as far as Edmonton is concerned. This impinges upon the credibility of this government. What is the real reason. We were told yesterday, Mr. Speaker, that the Minister of Industry, a very fine fellow, talked to some businessmen in Calgary about how they could put together a conglomerate and perhaps acquire PWA themselves. Well it's interesting that those individuals had a very few days, less than a week, to try to put that together. It's also interesting, and I don't want this to be any reflection upon the Minister of Industry at all, but in talking to some of the people he mentioned in the House yesterday, some of them indicated to me that, well, we didn't really know how serious Mr. Peacock was because he talked about owning an airline when he was president of the Chamber of Commerce in Calgary. ... [Interjections] ... And I go one step further, Mr. Speaker, in saying that some of those same individuals got hold of some other officials in the government and they knew nothing about the PWA thing and didn't take it very seriously.

MR. LUDWIG:

Air Commodore Peacock.

MR. CLARK:

So we come back to the question of, really, why did the Alberta government take over PWA. I get the uncomfortable feeling it's was because we woke up one morning and we were not committed to any guidelines or any priorities, so that wouldn't be a bad idea, let's acquire an airline. Then we'll think of the reasons after. That's about what we got yesterday in the House as the reasons after the fact.

Now, Mr. Speaker, to move on from the question of the credibility of the government, of why did they acquire it, to the question of accountability. When we move on, Mr.

Speaker, to the accountability, how did the government go about this, as I've indicated already, there has been no discussion in this Legislature during the Speech from the Throne or the budget about the government moving into the whole field of air transportation in this manner. There has been no forum in the Legislature at all, when an opportunity was presented to members of the Legislature on either side of the House, where we have become involved in the question of committing large portions of our revenue in this province to a move in that particular direction.

Then, Mr. Speaker, we look at the way in which it was done. I'm sure several members are knowledgeable on this, but I think it bears repeating, Mr. Speaker. The Financial Administration Act, an Act which was passed in this session and with some changes in it, and an Act which certainly all members had a chance to comment on. But, Mr. Speaker, for the benefit of those members who might have a short memory, let me recall to you, Mr. Speaker, in reading from Hansard, an exchange which took place on May 3, 1974 in the Assembly, when the hon. member Mr. Ho Lem asked the Provincial Treasurer, Mr. Miniely, about certain aspects of the consolidated cash investment fund. Mr. Miniely responded and then Mr. Ho Lem said:

A supplementary, Mr. Speaker. Has the minister given consideration to retaining Alberta firms to handle these investments?

MR. MINIELY:

Mr. Speaker, the firms which have been bidding on the cash investments by the Treasury Department are represented by offices in the province of Alberta. The overriding consideration, to this point, has been the yield on public funds, which I think that all members would agree, in terms of managing public funds to ensure that our citizens receive the best possible return on the funds we do have for investment, is handled, as I say again, on a bid basis to ensure that we do obtain the maximum yield.

Mr. Ho Lem came back with another question. He said: "A supplementary, Mr. Speaker. Has the minister given consideration to establishing its own agency to reduce the cost and ensure that investments are in the best public interest?" And then there was an interjection: "You want a bigger civil service?" And I suspect there was a great deal of laughter in the House. And that interjection came from the Premier. We really have that bigger civil service in one sense now. All the employees of PWA are virtually employees of the Government of Alberta.

SOME HON. MEMBERS:

Hear, hear.

MR. CLARK:

But to go on to Mr. Miniely's answer:

Mr. Speaker, I don't know. I have to question whether the hon. member understands [and I emphasize the "understands"] the principles of investing surplus funds because, as I indicate[d], there is no commission or brokerage involved. When the province has X millions of dollars to invest, either on a short-term or a long-term basis, all the investment firms and financial houses bid on a certain yield, a certain return for those funds, on [and get this] a 30, 60 or 90-day basis - [this is the consolidated cash investment fund] - or 1 or 2 year basis.

Thirty, sixty, ninety days or one or two years - that's what the Provincial Treasurer told the Member for Calgary McCall last spring on May 3 as to how the consolidated cash investment fund was operating.

And I say, Mr. Speaker, no wonder we see an editorial like there is in The Calgary Albertan on Tuesday, October 22, and I just quote from a portion of it:

The issue in this context is not whether IPSCO and PWA deals were good for the province but that they involved a use of the Financial Administration Act which the Legislature had presumably neither foreseen nor intended. The government is supposed to be accountable to the House, but in these instances treated it with contempt.

Those aren't my words. Those are the words of The Calgary Albertan.

AN HON. MEMBER:

Agreed.

MR. CLARK:

Given the huge sums now at the government's disposal and the power inherent in their control, it is a serious issue. Something must be done to tighten up the act. If the government wants to indulge in public ownership, it should get the MLAs' sanction. For obvious reasons, approval of each specific extraordinary investment may be impractical, but the Legislature is entitled to pass judgment, in advance, on the policy embracing such use of funds.

I don't think that is unreasonable to ask at all, Mr. Speaker.

But really, what has happened here. We have used \$36 million in the consolidated cash investment fund and for all intents and purposes this Legislature may never have a real opportunity to become involved in the nitty-gritty of whether this is proper or not.

Far more important than that, though, Mr. Speaker, we look at the regulations which were changed and the regulations that were used as far as the IPSCO arrangement was concerned that the company involved had to have over five years profit comparable to 4 per cent dividend. But the government could only acquire up to 30 per cent of the company. When the PWA transaction came along we changed that so now as long as a company has shown profit for three years at a rate comparable to a 4 per cent dividend, the government can acquire the company involved without coming to the Legislature, without any discussion of that basic principle with the Legislature at all. And then we asked yesterday in the question period if the Premier would be prepared to withdraw that order in council and he said absolutely no, he wouldn't.

Mr. Speaker, there ends the PWA situation as I see it. I would encourage members on both sides of the House to look at this question from the standpoint of why did the government acquire the airline. I submit we don't really know yet. Secondly, from the standpoint of accountability, if we have other moves like this there is very little sense in us having a budget in the future.

It seems to me I can recall those words of the Premier when he spoke to the Edmonton Chamber of Commerce some years ago when he said that we're going to make the Legislature the place where the action is.

SOME HON. MEMBERS:

Ho, ho!

MR. CLARK:

Well, the action in July certainly wasn't in the Legislature. We're not even going to have the action in the Legislature as far as an after-the-fact accounting on the PWA venture [is concerned.]

I'd like to move on now, Mr. Speaker, to the last area which I want to comment on. It seems to me appropriate that we on this side of the House should give some indication at least of the procedure which should be used in establishing the priorities and guidelines for the future in this province. As I indicated we expected these to come forward in the spring session both in the budget or the Speech from the Throne, and now we're told this evening that they might come forward in the spring of this year, but they would be very general.

What I'd like to suggest, Mr. Speaker, is that we as members of the Legislature, regardless where we sit, whether we are members of the Legislature in the future or not, stop for a moment or two and really think in terms of what kind of an Alberta we want for the next 25 years. We're extremely fortunate to have the opportunity to be able to make those kinds of decisions. We're a young province. We're a province, as has been indicated by the Premier, with tremendous resources and we have, fortunately in this province, people who are willing to take up new challenges.

What I'd like to propose for the consideration of members is what I would call public participation of fact - fact really meaning futures Albertans can take. Really what this would call for is perhaps a year or a year and a half of public debate, public discussion across this province as to the kind of Alberta Albertans want for the next 25 years. Oh, I know some people will say it's idealistic and it's impossible, but I would say to those people, take some time to go down to the State of Washington. They are involved in this kind of public debate at this particular time. Down there it's called alternatives for the future, and they are involved in a discussion of, what about the next 20, 25 years.

What I'd like to propose, what we should really be doing in this province, is, this Legislature should set up what I would refer to as some sort of a steering committee, consisting of perhaps 10 to 15 people who would be the steering committee for public participation: a fact. They would be involved in the planning and the scheduling of events and the publication of background material and the assembling of key expertise and soliciting names for various conferences. They would be involved in this kind of work from November until April '75. Following that, those people would pull together a group of let's say perhaps 200 people from across the province, and they would really commit themselves for a period of time to try to set out what they see as the alternative futures available to this province for the next 25 years. This may well take until June 1975.

Then it seems to me, Mr. Speaker, a reasonable approach to follow would be that we would be involved in a series of regional discussion conferences across the province. These kinds of conferences or discussions could be held in Grande Prairie, Edson, Vegreville, Calgary, Lethbridge, Fort McMurray, Red Deer and Medicine Hat, just to mention a few.

It would be during those conferences and discussion groups that Albertans would get together and really sort these alternatives over, mull them around. And it may well be we would end up with more alternatives or revised alternatives as a result of that. Following some sort of refinement of these alternatives, we would then become involved in a publicity campaign across the province where there would be a great deal of coverage by all forms of the media, where representatives of the steering committee and others would be encouraged to get out across the province and be involved in this question of what kind of an Alberta do we want, which alternatives do you want.

And then the second last and the fifth stage, Mr. Speaker, would be a move in the direction, Mr. Speaker, of getting the feedback. This could be done in a number of ways and one of the ways that I would suggest would be most effective, would be that early in 1976, perhaps in late January or early February, we have some sort of provincial

referendum. Let's really say to Albertans, look you have got the opportunity to have some input into what kind of future we want in this province.

And then the last step, Mr. Speaker, hopefully would be at the Spring Session of 1976, there would be some commitment from the Legislature to the alternatives that Albertans have indicated they want.

It seems to me, Mr. Speaker, that public participation of fact such as this really would be involved in futures that Albertans can take, because I strongly believe that perhaps one of the greatest problems that this government, this province, this Legislature faces is the ever-increasing impersonality of government as indicated by the Ombudsman's report last year. It's a problem that just this province doesn't have, but all provinces of this country. It is perhaps one of the most serious problems that the democratic process has to face. Unless we can take some steps to really cut through some of the bureaucracies, and in fact see that people do have that opportunity to have an input into the decisions that count; people are going to become increasingly more distrustful of the democratic process and, in fact, democracy will be in for most difficult times.

Thank you, Mr. Speaker.

MR. SPEAKER:

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

MR. NOTLEY:

Mr. Speaker, in rising to take part in this debate, I want to deal with three major issues: a question of accountability to the Legislature; the pace of development in the province of Alberta; and then the question of human resource development in this province. Before doing that, however, Mr. Speaker, I would just like to make one or two very brief comments about announcements made with respect to the Spirit River-Fairview constituency.

I would like to commend the government for their announcement with respect to the dam study at Dunvegan. In my judgement, this was long overdue and it is a study which could herald a new era for the Peace country. At the same time, Mr. Speaker, I would also have to say that I am pleased to learn of the announcement made by the Minister of Public Works concerning a new public building in the town of Fairview.

Now, Mr. Speaker, on the debit side however we still have the continual problems with Highway 49 and the Fairview-Fort St. John route. Regrettably the Minister of Transport isn't really making too much progress; so little, as a matter of fact, that I very much fear that one day when he is settling comfortably into a PWA jet headed for Calgary, one of my constituents may crawl on board and hijack the plane and say, take me to Bonanza. I hope however next year, Mr. Speaker, that the government will make some progress on roads in that area. As I've mentioned before they are, I think, a vital part of our provincial transportation network.

Mr. Speaker, dealing first of all then with the question of the erosion of the powers of the provincial Legislature, let me say that many of us on this side of the House were concerned last spring with the implications of Bill 55. We've had no reason in the meantime to be reassured on that particular odious and, in my judgment, totally unnecessary piece of legislation. But I think the challenge that bill presented to legislative control was multiplied or even worsened by the PWA affair.

Mr. Speaker, the Leader of the Opposition has already made a number of points respecting PWA. Let me say this. I think that if the government was able to justify the use of The Financial Administration Act to acquire control of PWA, they would have to be able to demonstrate beyond any question that PWA was in imminent danger of being taken over by some "foreign or outside forces" which would seriously imperil the service the airline could provide for the people of Alberta.

Mr. Speaker, I acknowledge that the material tabled yesterday will go a long way to quell many of the rumors that were circulating about the propriety of the PWA takeover. But Mr. Speaker, the material yesterday doesn't really answer the basic question, as to why the rush. Why was it necessary to take a housekeeping piece of legislation, The Financial Administration Act, and use that Act to make a decision to purchase an airline.

Mr. Speaker, we've heard already tonight some of the arguments presented by the government at one time or another. The suggestion originally made, that the New Democratic government in British Columbia was going to acquire control of the airline, was and is nonsense. It was never on the agenda of the B.C. cabinet. It was never a serious option considered by the government of that province. I've discussed this matter with several cabinet ministers and I know perfectly well that it was never at any time being entertained by the Government of British Columbia.

AN HON. MEMBER:

Hear, hear.

MR. NOTLEY:

Then we had the suggestion of the White Pass & Yukon bit. Well, Mr. Speaker, the first thing that strikes me about this particular bid is that the price was very low. If Canada Trust was not prepared to sell to the Province of Alberta for \$10.50 a share or \$11.50 a share, it's highly unlikely that they would have been interested in selling to White Pass & Yukon for nine dollars a share or thereabouts.

But even in the remote event, and I say remote event deliberately, that White Pass & Yukon had been successful, and I doubt that's even a possibility, nevertheless the Canadian Transportation Commission still regulates the routes. One of the things the Premier pointed out, when he sent the letters to the various Tory presidents in the province of Alberta, was that PWA was in a field that is regulated by government. They're not able to drop air routes literally at the drop of a hat.

Mr. Speaker, I believe that when one reviews the events of the last three months, one has to stretch the case completely to be able to demonstrate that there was such need to move so hastily that we had to use The Financial Administration Act.

Mr. Speaker, if this government is going to acquire businesses and as the leader of the New Democratic Party I can hardly be critical of the principle of public investment, if we are going to acquire businesses or make public investments then we should have some kind of legislation presented to this House which allows the members of the Legislature to make the decision. I don't think we should be given the fait accompli and then told what a great deal it is after the fact, all the time.

Mr. Speaker, I think that PWA, much as it concerns me, is nevertheless not as troubling as the failure of this government to table in the Assembly at the very least a statement of guidelines as to how we are going to spend the \$900 million surplus. The windfall of this province, which the Provincial Treasurer cited in his Budget address of last April, is clearly something which must be decided upon by the members of this Legislature, not simply in a willy-nilly fashion, handed out here, or invested there, at the discretion of the Executive Council or, under the terms of The Financial Administration Act, the Provincial Treasurer virtually acting on his own.

Mr. Speaker, I think the question of legislative control over the purse strings is really at the heart of legislative accountability. I would like to quote from Gladstone, as a matter of fact, in the British House of Commons. He says:

The finance of the country is ultimately associated with the liberties of the country. It is a powerful leverage by which English liberty has been gradually acquired ... If the House of Commons by any possibility lose the power of the control of the grants of public money, depend upon it, your very liberty will be worth very little in comparison. That powerful leverage has been what is commonly known as the power of the purse - the control of the House of Commons over public expenditure.

Mr. Speaker, that was well said by Gladstone and it is a lesson, it seems to me, that the members of this Legislature must take to heart.

The second area I would like to discuss tonight is the issue of the pace of development in this province. I listened with interest to the hon. Premier when he discussed the whole question of oil sands development. One could not help but be reassured in a sense that he tossed out or set aside a rather bizarre and silly suggestion of Dr. Kahn and the Hudson Institute. But, giving the government that much credit, I still fear that the thrust of the Premier's presentation was large-scale development of the oil sands. Not the kind of far-out suggestions made by Dr. Kahn admittedly, but yet very much more rapid development than that suggested by the civil servants' report tabled in this Legislature last fall.

Mr. Speaker, I know that a strong argument is being made in Canada these days about the need to guarantee national self-sufficiency in petroleum. But I would warn that it would be dangerous indeed to become so preoccupied with this argument that we allow self-sufficiency to be the Trojan horse to justify rapid expansion of oil sands development. I know that one of our objectives clearly in Canada must be to secure our supply of oil, but not at the risk of a pace of development which is going to seriously imperil one of the provinces in this country.

Mr. Speaker, let me cite some of the problems I see in getting carried away with rapid development in the oil sands. The first and most obvious is the inflationary impact of massive oil sands development. Already we see the effect of rising construction costs. We had a meeting of Peace River MLAs with school trustees from northern Alberta about four or five weeks ago. One of the things these people were telling us, which I thought was most impressive, was the spiralling increase in the cost of building supplies for schools. Estimates which came in from contractors two or three years ago of \$20, \$21 or \$22 per square foot are now \$43 per square foot. Mr. Speaker, there isn't a project we can look at, whether it's building an alfalfa processing plant or building a house, erecting a school or whatever the case may be, that won't be adversely affected if we permit too rapid a pace of development in the oil sands.

We talk about a shortage of cement. There is no question about that. We talk about a shortage of almost all the building supply materials, a shortage which will be exaggerated and worsened many times over if we allow a pace of development that isn't deliberately measured so that our total economy can digest it.

Another point the Premier made, which frankly I concur with, is the need to decentralize industry in this province. You know, it's a silly suggestion that we should develop industry in only one or two major cities in a province as large as Alberta. But again the whole question of decentralization of industry and the diversification of the Alberta economy could be jeopardized too if we allow the oil sands to go ahead too rapidly. Why? Because there's only so much manpower available, there are only so many supplies available. If these supplies and the manpower are committed to these major projects, you are simply going to find that the little agricultural processing co-operatives or companies or what have you are simply going to have to wait, or that the price of building will go up so much that the proposition will no longer be viable.

Mr. Speaker, if we are going to be serious about diversifying the economy of Alberta and decentralizing the economic opportunity in this province, we must make very sure indeed that the pace of development in those oil sands is measured. The very magnitude of the investment, a billion to a billion and a half dollars a plant, is something which we simply cannot look at as if it were the corner grocery store across the street. Its impact has to be measured accordingly.

I would like to see this government, if it is making a survey of the impact on manpower and supplies and what have you, table that as early as possible. Because clearly, Mr. Speaker, that kind of information is relevant and necessary if we are going to have an intelligent debate on the future direction of this province. We can talk all we like about energy corridors. In principle, I accept the proposition. But the energy corridor concept is going to be of little value to us if our funds and our manpower are tied up in hasty uncontrolled expansion in the oil sands.

There is of course the impact on the environment which is self-evident. There is the impact that rapid oil sands development would have on all of the western Canadian economy. There is the impact it would likely have on our education system. It is my understanding that next year construction trade workers in the oil sands region are going to be negotiating for a very substantial increase. And they're going to be able to get it in large measure. You are going to find the situation developing where it won't pay an industrial arts teacher any more to teach industrial arts because he could make more money working as a tradesman because of the inflated wages caused by oil sands development. This is far from an academic question, Mr. Speaker. It is here with the Syncrude project.

It will be multiplied in my view many times over if we are foolish enough to assume that rapid development - Shell, Petrofina and perhaps two or three other projects going ahead simultaneously for the duration of this decade - would be wise for the province. So let's not get caught in the argument that we have as sort of a national cause to place self-sufficiency on such a high pedestal that we're prepared to cut other corners.

I find it interesting as I listen to the advertisements of the Syncrude syndicate talking about the need for self-sufficiency and why we have to build so many tar sands plants every two years, I believe it is. Well, Mr. Speaker, it was interesting to compare and contrast that sort of advertisement with what the oil industry was telling us three or four years ago when we were debating whether we should export additional supplies of natural gas to the United States. Then, when they wanted the licence to export, we were told that we had boundless supplies of energy, not to worry about it. We even had former Energy Minister, Mr. Green, running around the country and making silly statements about Canada having 500 or 700 years of natural gas supplies left - absolutely nonsensical statements.

But now that they want to push ahead with rapid development, all of a sudden there's a shortage. All of a sudden in the interests of national self-sufficiency we must give them the green light. Well, Mr. Speaker, I have no objection as I say to proceeding in the oil sands. I'm sure every Albertan regardless of his political stripe feels we must develop the oil sands. We may differ on how we develop it, whether we do it with private or public capital, but the point I want to make is that we must ensure that that is at a pace which we deliberately set, having full knowledge of the implications that pace will have on the rest of the economy.

We are trying to diversify this province. Little value it would be, Mr. Speaker, if 10 or 15 years down the road we have 8 or 9 or 10 oil sands plants but we still don't have a developed agricultural processing industry; we still don't have adequate housing for our people; we still don't have diversification and decentralization in other parts of the province. That could well happen if we don't move very carefully indeed in the months ahead.

The third area I want to touch on briefly, Mr. Speaker, in the time remaining to me is the question of human resource development. I call that area the abandoned child of the Tory administration for the last three years.

SOME HON. MEMBERS:

Hear, hear.

MR. NOTLEY:

We've had a lot of policies about energy; almost total preoccupation of the Premier with energy. We've had some moves in agriculture and, I must confess, some moves I support in agriculture, by the Deputy Premier. But when one looks at the whole area of services to people, one has to look very long and hard indeed to find much of a record.

I was interested in listening to the hon. Premier present his speech. He could spend a long time talking about diversifying the economy. He could spend a long time talking about PWA. He could spend a long time talking about the oil sands. But he really wasn't able to spend too much time talking about human resource development because the progress in that area has been so minimal. I think it's scandalous in a province, Mr. Speaker, that has almost a billion dollars of oil surplus, that we are arguing over how to invest, that the best we can do in a supplementary pension for people receiving the guaranteed annual supplement is 10 measly bucks a month.

AN HON. MEMBER:

Hear, hear.

MR. NOTLEY:

Remember Walter Harris, the Minister of Finance in the Liberal government. In 1957 he came in with a budget increasing the old age pension by \$6. They labelled him "Six-buck Harris" and that was one of the reasons the Liberals got dumped in the election of 1957. And here we are with 10 measly dollars a month in the midst of this kind of uncontrolled inflation. I know some of our friends across the way may not like all the actions, or any of the actions for that matter, of our government to the west. But by comparison, the Mincom program provides \$26 more per month. Now surely, Mr. Speaker, we cannot sit back and let our socialist government to the west do more for senior citizens than the government of oil-rich Alberta.

But there's another area, Mr. Speaker, the whole question of health services and facilities. We're short of nurses. In some of the northern regions it's very difficult to staff community nursing cottages. Why? Because nurses aren't staying in Alberta. And the major reason they aren't staying in Alberta is we're not paying them enough.

AN HON. MEMBER:

Hear, hear.

MR. NOTLEY:

On the average, nurses' salaries are \$2,200 a year higher in British Columbia than they are in Alberta. As a consequence we're losing nurses to the province of British Columbia. Again, Mr. Speaker, with the kind of money we have at our disposal, surely it is a shame indeed that we can't pay the nurses of Alberta sufficiently to keep them in this province.

The question of education; what more important expenditure can we make? Today we were talking in the question period and posing questions, and the minister was answering them, about the plight of rural schools. This is not just a plight of a school such as Worsley, which is a very remote school, but is a problem faced, Mr. Speaker, by almost every rural division board in Alberta. Why? With declining enrolments which many of them face, what happens is that with the grant structure the way it's set up, with the freeze on school bus subsidies, the cost of services is going up but the level of support from the province simply isn't keeping pace.

Mr. Speaker, it's going to be very difficult to restructure the grant system at any time. But I was disappointed to hear the minister today tell us there wasn't going to be a restructuring this year; that it would be at the end of this next three-year period. Mr. Speaker, I would hope that he would reconsider his position on that and that the government would choose this fall, and the remaining period of time in their discussion of budget before it is presented in the spring session, that they would choose to use this time as an opportunity to completely reorganize the grant structure for schools in the province of Alberta. I'm not suggesting that we should rule out the per student concept in total, but I think that that should only be part of the equation. There has to be some opportunity within the grant structure, some flexibility to provide for the greater cost of servicing students in far-flung or rural areas or where you have a declining enrolment, as opposed to parts of the province where student enrolments are climbing.

But there are simple things, too, that have been brought to my attention as a member of the Legislature. One of the points brought to the attention of northern MLAs when we met with trustees, was the fact that while there are many grants under the Department of Education, it is extremely difficult for the small divisions to take advantage of them. They have one superintendent whom they pay for, but this superintendent isn't an expert in tracking down all the hundred and one grants that are available, while on the other hand your big city school systems are able to have enough support staff in their central office to take advantage of every conceivable grant when it is announced.

Mr. Speaker, what I am saying is that human resource expenditures are important and education is vital. While we have a windfall coming to the province the bulk of that perhaps should be invested in diversifying our economy. I agree with that point. Nevertheless there are expenditures which merit investment now and, clearly, restructuring our education grants is one.

I think there are other areas of human resource development that have been left behind. Equal pay for equal work, for example. The government of Alberta should be setting the standards. There should be no challenge to our commitment to that principle. Yet women are still, in my view anyway, not receiving the kind of advancement they should or the percentage of jobs they deserve.

Very few programs have been announced by this government that would relate to reforming and restructuring the whole question of social development in Alberta. And that was something, as I recall, that was talked about at considerable length by the Tory party during the 1971 election campaign.

Or we have something as simple as the minimum wage, Mr. Speaker, the minimum wage, which has been increased by 25 cents an hour. But you know, that's a 12.5 per cent increase. By comparison for the first six months of this year Imperial Oil had a 64 per cent increase in their profits, and the president of Imperial Oil said their profit increase would barely keep pace with inflation. Yet we expect unorganized people to get by on a 12.5 per cent increase in the minimum wage for the first six months of next year.

You see, to tie it all together and to conclude, Mr. Speaker, my concern is not with the powerful in Alberta. At a time when you have a boom psychology, when you have plenty of jobs, the people who are protected by strong militant unions are going to be all right. The people who are well organized in society, whether they are professional groups or

business interests or commercial interests, are going to be looked after. They'll look after themselves. But what about the unfortunates of our society who are not well organized. They're the ones inevitably, Mr. Speaker, who end up getting the short end of the stick.

Mr. Speaker, I believe that one of our responsibilities, as members of this Legislature, is to make sure that we have the kind of programs which improve the quality of life for every resident of Alberta and that our commitment to human resource programs be reasserted. I can think of no better way of spending at least a part of the windfall.

Let me just note the simple fact that this government is the beneficiary of inflation. There is no doubt about that. I am sure no one on the government side would argue that point. The increase in international oil prices, as a matter of fact, is one of the major reasons for worldwide inflation and we happen to be the beneficiary of that as custodians of the public treasury. That being the case, Mr. Speaker, there is clearly no excuse for us not ensuring that the residents of Alberta who are not able to fight for themselves are properly looked after. And to date there really is no commitment and regrettably in the Premier's speech no statement on this matter either.

In conclusion I suggest that the pace of development in Alberta must be very closely examined and that we not allow rapid or unplanned overdevelopment, that we reassert our commitment to human resource development, and tying it all together, Mr. Speaker, that the Legislature should once again become the place where the major decisions are made, whether it's in determining priorities, whether it's in committing expenditures for public investment or what have you. Mr. Speaker, I believe that the accountability to this Legislature is an issue [for] which this government can be very clearly criticised, for not living up to full accountability. Mr. Speaker, as long as that is the case it seems to me that we on this side of the House must continue to remind them of that responsibility on every occasion.

MR. HENDERSON:

Mr. Speaker, I'm not usually one to stand up and compliment the speakers' debates in the House, because I think that probably most of us tend to be carried away with what we're saying at times. But I would like to say in this case, Mr. Speaker, I certainly have enjoyed the contributions starting with the Premier, the Leader of the Opposition and my good friend from Spirit River-Fairview.

When I got up to get the floor I had a few things I wanted to say. I wasn't just too sure exactly some of the things that I wanted to cover, but I find as usual my friend from Spirit River-Fairview has given me some inspiration. I think we both suffer probably from tunnel vision. He's always looking through one tunnel and I'm looking through another. But I'll come back to that in a minute or two.

I would like to offer a few remarks, Mr. Speaker, on the question of the forthcoming decisions on the part of the federal government regarding taxation of the oil and gas industries and the announced policy of the government last spring to make the royalty payments to the provinces nondeductible for income tax calculation purposes. Notwithstanding the importance of a great deal that has been said on this side of the House in particular this evening, I am very firmly of the opinion that this decision that the federal government is going to be taking in the next few days or month or so is probably going to be of far greater significance to the people of the province of Alberta and to the people of Canada than most members in this Assembly seem to realize. I know some do, but I have some very strong views on it and I think if the federal government isn't prepared to see reason, there will be some very serious consequences.

It seems to me that there are three things that should be briefly touched on. Certainly one of the fundamental ones is the question of the future of private enterprise in the oil and gas industry in Canada. Again, with the tunnel vision which my friend from Spirit River-Fairview enjoys, the different tunnel, this is of no concern to him. But I think it should be of concern to him and concern to a lot of Canadians. I think also one has to examine some of the other side of the coin and the question of national sufficiency in energy and oil which the Member for Spirit River-Fairview has so casually dismissed. Thirdly, I think more specifically there are the implications for the people of the province of Alberta.

I would like to start with the third point, Mr. Speaker, which is the one that is closest to home. It is obvious, or it should be obvious that involved as an integral part of this difference of opinion with the federal government really lies the future of the province of Alberta to a large extent. As to what the future holds again it seems to me, there are about three options.

One of the options is that we can continue to be hewers of wood, drawers of water and suppliers of raw materials for other parts of the world but particularly for eastern Canada. We have the Liberal Party in the province which seems to advocate this particular policy and to think it is a good policy to pursue. I listened to the Member for Spirit River and he seems to be inoculated with the same bacteria to some extent, and I really don't think it is a very viable alternative, Mr. Speaker.

On the other extreme there are people - a minority but, I suggest a growing number - who take the extreme position of saying flatly that Alberta should withdraw from Confederation. It is a proposition, I think, that every member of this House has put to him from time to time. I think that it is a proposition that every member of this House doesn't want to think about, but I still think it is a proposition that is in the minds of a number of people. I quite frankly have to say I am surprised at some of the people and the walks of life they come from that hold that view. I think anyone who is really aware

of the political situation of the country would probably have to agree that such a proposition, no matter whether it may be mostly attractive, simply isn't a tenable proposition. It certainly isn't under the present circumstances and it certainly isn't so far as just the province of Alberta is concerned.

Nonetheless I suggest to those who want to stand pat, not face up to some of the problems that we have in dealing with the federal government and remain in the position of being a supplier of raw materials that if that is to be the policy, the feeling of those people who are completely disenchanted with Confederation is simply going to grow. I don't think that that is in the best interests of anybody in this province or the country.

So I think this brings me to the third proposition, and the only viable one. That is the exercise in which the present government is engaging by trying to use the natural resources in the province of Alberta, which are in demand in eastern Canada in particular, as leverage in order to change the way the cards are stacked so far as Alberta's and the West's position in Confederation is concerned. The decision on the part of the federal government on taxing oil and gas industry, is inseparable from that particular proposition. I for one, when I look at the options, have to say that I don't think there is any really meaningful alternative except to opt for the choice but to play a tough game and to use the resources that we have for the best interests of the future of Alberta.

The proposition, where are we going to spend the money that's piling up is a pretty short-term one, and I don't think anybody should be blinded by that particular issue. It is a short-term one, a transitory one. We should look to the long term, because as the Premier said, as I have said, as others have said, the resources we're selling are in short supply.

The Premier uses the words "12 years for conventional proven crude supply". If one puts something like a 4 per cent growth factor demand on it, that comes down to 7 years. I said last spring in the House that in a couple of years the production rate of conventional oil in the province is going to be dropping by 100,000 barrels a day. That is one tar sand plant a year to keep the balance up, to maintain the status quo, I think that's probably a practical impossibility.

So when one talks about national oil sufficiency, I think realistically, in the light of federal government policies, one isn't talking about trying to expand production. One simply faces a pretty steep challenge in trying to maintain the status quo, to maintain the rate of oil production in Alberta over the next 10 years at the present level. I guess the policy is really one of minimizing national insufficiency.

You might say, what's the consequence of this to Alberta? And I have to say, myself, that I don't think it's as great to the province of Alberta as it is to Canada. Alberta is not going to suffer a shortage of energy. But there's no doubt about it, other parts of Canada are.

In that regard I think we have to come back to the exercise that's going on regarding sharing of oil resources. I find the federal government is completely lacking in credibility in the propositions that are being presented to the people of Canada.

In the first instance I pick up the paper, the last week or so in particular when Mr. Turner was making one of his beauty trips through the West, and the word there is that they're simply going to soak up some of these huge surplus profits that the industry has. But if that's the case, why is he putting pressure on Alberta to reduce its royalties. So they can take a bigger bite out of the pie.

Now if there are all those excess profits in it, they don't need to be concerned about what Alberta's take is. But either his right hand doesn't know what his left hand is doing or they're simply trying to deceive the people of the country.

Then they come along with the proposition I read in the paper, in the same trip on the part of Mr. Turner, about all the federal government is trying to do is get a reasonable share. And I see statistics there - I don't remember them but some of you may remember them - that said the provinces are going to get something like 70 per cent of the total tax revenue. Maybe the federal government with it's new tax policy is going to get 20 or 30, something like that.

And I have yet to hear any elected public official on the part of the federal government, or any of the mandarins that make the periodic trip to the west to bless the boys, so to speak, acknowledge the fact that the federal government by virtue of its export tax is already getting more out of Alberta oil than the Province of Alberta is.

So then the federal government comes beating the path to Alberta and says, lookit fellows - at least I assume this is what's going on - you'll have to reduce your royalty in order to share the pot with us to an even greater extent and allow private enterprise to survive. And one has to greet that message with scepticism. When they're setting up a billion and a half dollar national energy company, one has to question whether there's any commitment on the part of the federal government towards seeing private enterprise survive in a meaningful sense in the oil and gas industry in Canada.

The proposition that they're playing, in putting pressure on the province under the pretense of trying to preserve the private enterprise element, I have to say quite frankly, should be resisted. Because I don't think a provincial government, by view of the greater constitutional powers that the federal government has in the area of taxation, can take meaningful measures in the field of taxation, and even in industrial incentives, to maintain a private enterprise system in an environment that a federal government has created, which in effect says they don't care whether the industry survives or not.

So if Alberta were to yield to the pressure that the federal government is putting on to reduce its royalties, to put more money into the federal treasury, I have to say I think it would be a mistake and not in the best interest of the people of Alberta or in

the best interest of the people of Canada. Because unless the federal government are prepared to conclusively demonstrate that they're committed to a continuation of private enterprise, every nickel or cent that the province backs off on, the federal government is simply going to pick up. And by making a concession now, in the absence of a long-term commitment towards the future of the industry, the province is simply going to lose ground. Because once the government arrives at that mentality of saying it doesn't matter whether the industry survives or not, the end is in sight.

The nature of the oil industry is [that] it has to have a long-term stable political environment to operate in. Notwithstanding all the rosy pictures of the money the industry is making, it's a fact. It's a long-term one. Quite frankly I have to say that I am amazed at the fact that Syncrude is going ahead with their project in the light of the present political uncertainties over the future of private enterprise in the oil industry in Canada. I also have to say that I'm not at all surprised to see that the Americans are not beating a path to our doorstep to get a pipeline through the Mackenzie valley, down through Alberta, to bring Prudhoe Bay gas and Arctic gas into the Canadian-American market. Because I just can't believe anybody is going to invest sizable sums of money in light of the uncertainty which exists relative to the federal government's intentions.

So in my view I think it may make the game a little hotter and I'm not the one who is going to have to play it. The kitchen may heat up a little bit worse than it is. But I think, Mr. Speaker, that the issue has to be resolved, not in terms of tax dollars, but in terms of what the basic long-term intentions of the federal government are relative to the continuation of utilization of the private enterprise system to develop and market these resources, and that the province would be very foolish to make any concessions relative to royalties without that type of commitment. Because if it isn't there, the efforts of the province are, I think, doomed to failure in the final analysis.

I have to say, Mr. Speaker, that I'm not optimistic about the province getting the message across to citizens in eastern Canada. I think they have the message we are a greedy bunch of so-and-so's who just want to get all this money and we don't want anybody else in Canada to have anything to do with it. Nothing, I think could be a more gross distortion of what the situation is. I, myself, don't get excited at all about the fact that the province and government of Alberta may invest sizable sums of money in other parts of Canada. So long as it's in the best interest of Canada and in the long-term best interests of the people of this province, why not? We are not trying to accumulate all this cash just to hoard it, to deprive the people of the country of the benefit of it, solely for our benefit. I think that again is a simple distortion of facts because it boils down to the basic issue of whether the Province of Alberta and the people of Alberta should have a greater say than they have had in the past about where and how their federal tax dollars are going to be spent. That's what the major issue is.

We have a federal government who are saying, no, the people of Alberta are not going to enjoy any greater prerogatives in spending their tax dollars as far as national policy is concerned than they have had in the past. We are not going to make any major changes in the freight structure to facilitate and promote the development of the manufacturing industries in the West. This is really what the issue gets down to. It isn't a case of hoarding cash with a view of trying to deprive the other people of Canada of the benefits of those revenues.

I think the people of Alberta are entitled to a greater say than they have had in the past about how some of the resource revenues are going to be spent, particularly we have to keep coming back to the depleting and declining resource. I think everyone does a tremendous disservice to the people of this province and the country in total when they talk about the huge sums of cash which are just laying around and we don't know what to do with it. That has got to be one of the most short-sighted views that I think any politician could take who is really concerned about the country.

On the question of implications for national self-sufficiency I think it's very obvious that the decisions the federal government are going to take are going to have some very significant effects upon that type of policy. The government of Canada, in fact, seems to be bent upon a policy of non-self-sufficiency. So it is not a case of Alberta going out of its way to encourage an undue, ill-advised or hasty development of the tar sands. I think the problem is moving in the other direction, that notwithstanding the market and declining supply in Canada the federal government by its tax policy is doing the exact opposite. They're going to be discouraging the development of any more tar sands projects, notwithstanding the fact that the oil production rate is going to be dropping within a year or two, as I say, to about a hundred thousand barrels a year.

Maybe there is some gleam of optimism. The federal government last year were all hot to crash program to build a pipeline to Montreal. Now Mr. Macdonald in another one of his brilliant discoveries has found they aren't going to have enough oil to fill it, and that applies even if they cut off the American market. The supply isn't there for that long and extended a period of time.

So, Mr. Speaker, I'm sure much more could be said about it. I've spoken I think enough times in the House on the subject, the members may get tired of listening to me. But I want to say in all sincerity that the Province of Alberta should resist to the limit the pressures on the part of the federal government to reduce royalties in the interest of increasing federal government tax takes, on the basis of the argument [that] it's necessary to preserve private enterprise. I think one has to face the fact once we have a government [at] the federal level that does not have that basic commitment itself, all it's going to be doing is taking more money out of the pockets of the people of the

province of Alberta, and that there's no hope of [its] being returned in the form of further investment.

Thank you, Mr. Speaker.

MR. LUDWIG:

Mr. Speaker I think history was made in this province in this Legislature today. I never thought I'd see the day when someone who came into office as an arch-conservative champion of the private enterprise system, and at the same time someone who was elected to this Legislature on the socialist ticket, and someone who prides himself on being an independent, all feel that the purchase of Pacific Western Airlines was the right thing to do. They say it was a right move. I think it was a left move. When we talk about credibility, I think the Premier ought to listen because his has worn rather thin in this province and some of his best friends are telling us that that is so.

I fail to see, when I listen to all these people who are very logical - it appears to me when I hear them talk about Air Canada that is pure socialism. Ask any Conservative in parliament, he'll tell you and they tell us this in Alberta. Then when we buy Pacific Western Airlines our Premier, the arch-conservative, the champion of the cause, says, well that's not in conflict with the principles of private enterprise, and once again somebody is wrong. And I tend to give more credibility to the Conservatives in Ottawa. I listen to them. When I listen to us speak on this side and when I listen to the Premier pontificate about how good, how bold a move this is; this is a sort of right move, the people are with us - that's also in serious question - about the purchase of Pacific Western Airlines, I'm concerned about definition, about principles and about credibility.

Certainly when we look at the purchase of Pacific Western Airlines I agree with those who spoke before me that there is not a shred of evidence before this House or anywhere in this province, that we were in jeopardy, that our agricultural products would no longer be flown all over the province and all over the world, as if they have been till now, because Pacific Western Airlines may have been bought by someone else.

But I think we musn't permit this government to concentrate on these issues. They've created quite a furor about this thing. They want to concentrate on the energy problem and on Pacific Western Airlines and forget about the dozens of problems that confront people who are desperately in need in this province. Those are issues that we have to deal with and I agree with the hon. member from Spirit River that when the Premier spoke so eloquently about the "state of the union" as it were, the state of the province as it were, he forgot about the people who elected him. He forgot about Calgary. He forgot about the plight that Calgary is in today with regard to taxation and he hints broadly of what he might promise them when the election comes, but that is not yet announced. I'm sure they will take up some of the recommendations that we made and will implement them and tell them that we are good to you because we are giving you more money.

But Calgary is long overdue, Mr. Speaker, for an increase in direct municipal grants. I believe that the hon. Premier knows this. He didn't find that out when he visited Calgary the last time because he didn't stop long enough to discuss issues. He shook a few hands, he smiled. He did what I call a hit-and-run job on Calgary. But he didn't go to council, to the MLAs of Calgary to find out what are your problems. He doesn't need to know because he's not interested. He's too busy putting together a combination to operate an airline.

When I look at the hon. members in front I would like to separate the stockbrokers from the proletariat, from the entrepreneurs, Mr. Speaker. I was going to call the hon. [minister] Mr. Peacock, air commodore, but then that would probably make Premier Lougheed the rear admiral, Mr. Speaker, and I don't think he knows how to read a compass, he doesn't even know how to box one. So I think when they wanted to go into flying, they should have taken a lesson in economics and navigation as far as economics is concerned. And tell the people the way it is; we're buying an airline, it's going to be the best airline, it will never go broke because we've got so much money we'll see to it that it never will go broke.

Of course Mr. Lougheed would say that under private enterprise this was a failing kind of corporation, it couldn't take care of our needs so we're going to buy it and we'll really show them how to operate. We'll even show Ottawa we can operate with them or without them. But I have never failed to marvel at the criticism that went on year after year after year, relentless criticism of Air Canada, how we're sick and tired of subsidizing businesses that the government goes into and then these people say, we haven't learned a thing from them, we can do it better, we're smarter and besides, we have more money.

We talk about credibility, Mr. Speaker. I can't help but mention the speech that the hon. Premier gave to the chamber of commerce. I was there. There were 500 people there, more or less. One of Premier Lougheed's supporters said to me, Albert, how come nobody's smiling but you? This is true. There were a lot of glum faces there. The Premier saw it and the hon. [minister] Mr. Peacock saw it; the public wanted to hear something from the Premier, they wanted it to be fast and they wanted it to make sense. When he got through with his speech, I got the impression - maybe I didn't hear right - but I got the impression that this was a unique move. After he spent a whole hour or thereabouts telling them why we have to do this, we were forced to do this, this was a unique move and we're not going to do it anymore, I still think the Premier isn't levelling with the people of this province. I suspect that he's going to want to have to buy more of the air routes of this province before he's satisfied that they've got a viable operation.

One thing that amused me when I was at that meeting, as I was watching the faces of the people, there wasn't a smile at the head table. There wasn't a smile at any table. They came to see what's our man going to tell us, what's going on. He spent a lot of time telling us how great everything is in Alberta and then he said that we did the right thing because the way to help private enterprise, small business, is to go into competition with them, Mr. Speaker. That's the sense I got out of the Premier's speech. If we're going to help the trucking industry, let the government get in and then see how they're going to like that kind of competition. [In] the trucking industry in this province there were signs that there were economic problems. Some very good trucking lines were disenchanting and unhappy with the way things are going. One firm in Calgary packed up. A very viable firm was quitting and the Premier said, well, we're going to help private enterprise, we're going to get in there and compete with them.

We've been complaining from this province for years about the trucking firms having to compete with CPR and CNR truck lines and I agreed with that stand. But now the Premier says, well, as the arch-conservative, I'm going to show them that we can compete with them, and let them know, and tell them it's good for them, compete with them in business, using tax money to subsidize these operations in the event that things don't go as good as the Premier hopes they will.

I mentioned something about Calgary's tax situation, that the city is in need of funds. The city is desperately in need of funds or it is going to have to raise its taxes. The Conservatives from Calgary, not a single one has stood up, either during the civic election or in the House, to urge the government to look at the money that it doesn't know what to do with, and see if we can get a justifiable and a much-needed grant for Calgary. The Premier wants to know - they used to use this expression, this is the people's government, the people's roads - yes, and even the people's road allowances - but if they want to invest money, why don't they invest in the people of this province and give the municipalities a break. They need it, they're telling us that, and unfortunately, the Premier did not stop long enough in Calgary to realize what our needs were.

It was interesting to note that the hon. Premier was quick to laud the MLAs in Edmonton when he gave Edmonton a \$75 million park promise. He gave them credit. But has he ever called a meeting in Calgary to see what our financial needs are, whether the prosperity and the buoyancy of the province is also enjoyed by Calgary, or whether the people are in threat of having taxes raised by a number of mills, and what can we do about it.

I remember not too long ago, almost hear them shouting in the Legislature, the hon. Mr. Farran, then Alderman Farran, and another alderman, Mr. Kushner and several other people came, they marched on the Legislature ...

MR. HO LEM:

That's right.

MR. LUDWIG:

... when Calgary needed money, and I believe that was good representation. But what has happened to them now; they're silent. I think that they're going to have to answer some of the questions when the election is called, because the hon. Premier is so concerned about so many things, he wants to dabble in the realm of international economics, international world air trade and he can't take care of his own town. I think that we had better look at our priorities because these are people. Every municipality in the province of Alberta, I speak for Calgary, but I know that every other municipality, is in dire need of funds.

And the hon. Premier is not mentioning it at all. He won't be rushed. He'll make that decision when he's good and ready, preferably a few days after the election is called. It might be good politics but it's also slick politics, Mr. Speaker, and that also touches on a man's status as to whether he has ambition to become a great statesman or continue as a little politician. I say that with sincerity, Mr. Speaker, because that's the way I read the hon. Premier. He'll go to Calgary, and as I state, he did a very hit-and-run job. But he tells us that the cabinet visited all the cities. Hardly anyone could catch up to him. I believe he even went there in a helicopter and gave them a lick and a promise, but nothing about money.

I'm sorry that the hon. minister, Mr. Russell, is not in his seat because he was one of the champions of Calgary support for more funds. And he's been silent ever since, with the hon. Mr. Dickie, the hon. Mr. Leitch, the hon. Peter Lougheed ...

AN HON. MEMBER:

Mr. Peacock.

MR. LUDWIG:

... yes, and the hon. Mr. Farran. And he marched on the Legislature but he has been silent. I believe that it is about time that we shook these people loose and asked them to stand up and be counted. I think that today the credibility of the MLAs in Calgary, not the minister, but the MLAs, is somewhat better than that of the ministers.

When the Premier tells the House that the people are with us on Pacific Western Airlines, I have to challenge him and tell him that he's not telling us the way it is. I live in Calgary. I meet a lot of people, and some of his supporters are amazed and disturbed about the fact that this government moves that way. I think that they don't

feel that was a credible performance, nor a necessary one, and they know that if things don't go well, our money will subsidize what's happening in the Legislature here, in the government.

The Premier expressed concern about the future of Alberta. He heard that concern expressed every year in this Legislature for many, many years, at least as long as he's been here, the concern about how we provide for the future. It's a healthy concern. I'm sure that he is sincere about it. But his spending, and his management of the affairs of this province, doesn't indicate that he's too concerned about where the money goes. To say that this government is managing tightly, is careful with its money, operates on a tight budget, would certainly be misleading the House. The contrary is true, Mr. Speaker. They are generous. They create the impression almost at every turn that we've got lots of it and we'll spend it. [As for] the future, well, we hope the tar sands will take care of the future. But I think the handwriting is on the wall, and the Premier admitted it yesterday, that a few years down the road we may not get money tumbling in from all over and we are going to have to tax the people to maintain a decent standard of services in this province.

I mention the question of, perhaps, future taxation. I think the hon. minister, Mr. Miniely introduced an income tax act. I'm not going to discuss that act, there isn't very much to discuss in it, Mr. Speaker. But it's an affront to the people when the hon. Premier stands up in this House and says tell us what to do with all the money we have. Look how great we are, look what we have and we don't know what to do with it.

At the same time they are hitting the consumer. They are hitting every consumer, they are hitting every Albertan with taxation. We need 36 points of tax in this province like I don't know what. It's bordering on immorality to hit the people at a time when they are crying about inflation, when the province is bulging with money and we need more taxes. We're scraping it in, in many instances, from people who can't afford to pay it.

The gasoline tax right now is not justifiable, and I'm convinced beyond any doubt, Mr. Speaker, that those hon. members up front there are going to take it off. But timing is important for them. The time to have taken off that tax was last spring when they saw what was happening economically in this province. But it takes a little bit of responsibility, average moral standards, to know that we don't have to be all that slick politically. Let's do the right thing. The hon. minister, Mr. Miniely, is smirking when I keep after him to reduce the gasoline tax, to abolish it. He knows he'll do it at the right time, but the timing is bad. Furthermore they are going to have to make it look as if it was their thinking right along. You just simply cannot justify continuing 10 cents a gallon gasoline tax in Alberta at the present time.

The income tax: there is not an economist in the province or in the House who will say we need that tax, who will say we need to maintain one of the highest levels of income tax in Canada as far as a province is concerned. I know there are a couple or three that are higher, but of the major provinces - yes, Ontario, B.C. and Alberta, the wealthy provinces, maintain a high level of taxation although Alberta is the only province that doesn't need it. I'm sure that if we reduced our taxes by 15 points today the Treasurer would not know the difference. He would still be going around telling everybody that we have too much money, tell us where to invest it. Try investing it in the people by not taking as much from them.

The hon. Premier mentioned something about a mandate that the federal government hasn't got in the west. It's rather unique reasoning and I thought he would have a little more depth in his remarks than to make a statement like that. It's tantamount to saying that in any constituency where he didn't get elected he doesn't have a mandate to act. We either accept the democratic process or we don't, and you can't preach one set of standards and rules for Ottawa and one here.

I think there are a number of items, Mr. Speaker, that I could touch on, but I think the most serious neglect of this government is to maintain a high level of taxation at a time we don't need it. The working people are screaming for more pay and they are going to get it. They are going to get it because if they don't get it now they never will.

This takes me back to the confrontation with the civil service. Many of the civil servants in this province, those who are ready to retire, are facing a bleak future. They are not going to retire with anything like a respectable pension because the worth of their pension was cut in half in the last several years. Maybe the half is not quite accurate. It could be a little more in some instances. But many civil servants with children are unable to make ends meet at the peak of prosperity in Canada, at the peak of prosperity in Alberta, when the government can't plead poverty, it can't plead that it can't get the funds and that we can't make ends meet with the funds we have. The first obligation is to invest in these people and give them a decent break. I firmly believe we have to take a look at it right now and do something before too long. I am not interested in anybody standing up and saying that we don't want to break contracts, but the sanctity of contract is something we have to look at now. The Premier showed us what contracts mean long ago. He was the first to set an example and if the government can do it, the government employees can do it.

When I am talking about the government employees, they come to me and I for one, if I felt that they are doing well and their salaries were good, would not raise my voice in their support. But I know very well that they are crying for a break from this government and they will have to get it because the government will force their hand. Whether the hon. Premier will respect his promise when the election was on - the same rights as labor - is immaterial.

The civil service showed us that if they want to strike, they will strike with or without the right of legislation and there isn't very much the government can do about it. If they want to strike, they will strike. If they don't want to, they will work to order, and the government has to yield and give them a just pay.

The hon. Mr. Mackasey spoke in Calgary two or three days ago when that post office building was opened. He made a statement that I took note of. He said that if the government can't set an example that it treats its employees properly, then don't expect industry to do it. I think that if any government in North America can and ought to treat its employees properly, and can afford to, it is this government. We don't have to worry that we will probably pay them as much as some poor provinces are paying their civil servants. We ought to be able to pay them better.

When Mayor Sykes, who was recently elected in Calgary - and Lord knows I have had my differences with him - tells workers who are striking that we will have to look to the province for the money, he is right. Those people who are striking have to get more money, they are going to get more money, and the province is going to come here.

It would be a sad state of affairs if, in Calgary's need, we found that the government MLAs, the Conservative MLAs, failed to stand up with Calgary. I know where the Social Credit MLAs stand on this issue. We met and we know what the problem is, and I am saying that Calgary's economic plight today is a lot worse than it was several years ago when the Conservatives were inciting people to march on the Legislature. They got results. The Social Credit government gave the money it was able to give and it helped Calgary. But we are back again to square one and we have to do it again. The hon. member, Mr. Ghitter, who doesn't remember the incident - he wasn't in on the big push from Calgary at the time ...

[Interjections]

Yes, yes but I remember Alderman John Kushner, whom the Conservatives don't want now. He was a socialist at one time but he is too much of a right-winger for them now.

Now he came here and he stood up for the city. Even though I was on the government, I was not too disturbed or annoyed about the fact that they were fighting for more money for Calgary because the Calgary MLAs then stood up and convinced the government that we have got to give them some because the only way they can get it is to raise their own taxes.

And if you feel that I am dwelling on this issue, we will continue to dwell on it now and in the future when the election is called. I am sure going to be watching the footwork that the hon. minister, Mr. Russell, is going to indulge in when the election is called. He is our hon. minister who said some time ago, that Calgarians were ingrates. How dare they ask for more money from the province. Why don't they raise their own. That is not the story he said when he was a backbencher on this side. They did a good job and convinced the government to give us more but why can't they take the same stand now.

When I single out Calgary, it is to focus attention on the fact that the Premier will continue to laugh at them until shortly before the election before he gives in a bit. But the same problem exists in Edmonton, and in Lethbridge, and in Medicine Hat, and in Red Deer, and all the bigger towns and municipalities in Alberta. But somehow that is something that we shouldn't disturb at the present time.

I would like the Premier when he winds up, if he will, to tell us that he will do something for these cities, because the cities cannot operate without more money and they are going to tax the people and they are going to tax every dollar the government gave them by way of education tax discount out of their pockets, because the city has to operate. When this government shows by its budget that the costs are increasing by 20, 25, 30 per cent a year, the same thing is happening in the cities. If any hon. member here feels that the cities don't need more money or that I'm making an improper approach, let him stand up and say so because I'm prepared to stand my ground on this issue. And I urge hon. members to also support the stand that I'm taking.

I don't want to complete my remarks without mentioning the Department of Agriculture. And it almost bothers me to give the hon. minister, the Deputy Premier, a compliment but I'm going to do it. I know he had moments of magnanimity when he was on this side and I could rise to the occasion too, Mr. Speaker.

But one thing I admire about him is that he had the foresight to see that we have to increase agricultural productivity in this province. I'm not going to comment on whether injecting all this money is going to help or whether it's the best way. He's on top of the situation and that's one way to do it. But anybody who has any foresight at all will know that Alberta has a tremendous future if it can only produce more. We might get caught with a surplus but that's a lot better than being caught with nothing. And to that extent, Mr. Speaker, I think I'll support the hon. minister. I criticize his travelling budget and I'll continue to criticize it. But now with Pacific Western he might get a couple of free trips and maybe cut that down.

AN HON. MEMBER:

He'll go with the cattle.

MR. LUDWIG:

Yes. But I sincerely mean this. We have an obligation to get behind him and provide the funds and get the agricultural industry going full tilt. Somebody will buy it. There

are lots of people who would like to buy something more than we have now and they can't, and I'm sure that prices will take care of themselves.

Now I don't want to outdo myself in this respect, Mr. Speaker, but I do hope the hon. members will take note and that we can - I'm not saying the hon. Deputy Premier couldn't get what he wanted from the budget anyway, but we should help him.

Now the Hon. Dr. Warrack was quite a champion of the wilderness and the environment in this province and [one] to see that we don't desecrate the beautiful country. And I'm a little disturbed about the fact that we are now issuing coal exploration permits all over the province, it seems to be by the score, and everything is quiet. We can't let that go without some comment from somebody on that side to see that this is really necessary. This is on the eastern slopes, Mr. Speaker.

We've one minister there, bless him. He's not here tonight. I almost gave him a compliment, that he's doing a job as Minister of the Environment. And he's fighting for what he believes to be so and then somehow through the back door we get all these exploration permits near Calgary.

I remember how the hon. Minister of Highways and the Premier were literally bleeding all over the place when they saw a little trail in the mountains once. They showed them pointing to the horizon and we desecrated the whole world because there was some kind of mining trail. Nobody knew before, until this was photographed. But now we have these things all over the place. I even went in a helicopter to find all this desecration. We flew around for a whole day and we couldn't find anything. But now it's sticking out all over the place and if the hon. Minister of Lands and Forests wouldn't believe what I'm saying he can read this newsletter. And there's a documented list of coal exploration permits. It's two pages. These are pretty big pieces of land. So maybe somebody ought to stand up and say we kept it quiet but we'll now tell you all about it. He probably doesn't know about it but then.

I'd like to now take a brief bit of time to deal with our Minister of Advanced Education. The universities are not happy with him. But I've got to compliment him also. We dealt with this man and dealt with him really well because we converted him from stubborn resistance to the law faculty in Calgary. At one time we didn't need one. He was standing up here arguing and saying what's he talking about, nobody wants one. Then there was passive resistance. He cooled it a bit. He found out when he went to Calgary that nobody was exactly running out to welcome him. And then sort of acquiescence, he just smiled when I raised the issue. And finally we've got the most enthusiastic supporter of the law faculty in Calgary that we had anywhere. That's our friend, Mr. Foster.

In fact I'm so pleased with him that the other day I said well, when you're so keen on it and you're the minister, you're the boss, how come we have to wait until 1976 for the commencement of the law training in Calgary. He told me he was disappointed about it. I know that we have a supporter now and we are not going to have to worry that things go wrong. I think, Mr. Premier, we better clinch that just in case there's an election. We might lose the hon. minister. We had better make sure we have got that one. Because I would hate to see him shifted over to some other portfolio, because we have one man committed, and I think for now that is good enough. If we could just have had a few Conservative Calgary MLAs stand up for us we probably would have the thing next year. But we will wait until '76 and I hope it's a good one. Thank you, Mr. Speaker.

DR. HORNER:

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

MR. SPEAKER:

May the hon. Deputy Premier adjourn the debate?

HON. MEMBERS:

Agreed.

MR. HYNDMAN:

Mr. Speaker, I move the Assembly do now adjourn until tomorrow morning at 10 a.m.

MR. SPEAKER:

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

HON. MEMBERS:

Agreed.

MR. SPEAKER:

The House stands adjourned until tomorrow morning at 10 o'clock.

[The House rose at 10:37 p.m.]