

## LEGISLATIVE ASSEMBLY OF ALBERTA

Friday, January 24, 1975

[The House met at 10 a.m.]

## PRAYERS

[Mr. Speaker in the Chair]

## INTRODUCTION OF VISITORS

MR. ASHTON:

Mr. Speaker, it is my privilege to introduce the first class of students to visit this session of the Assembly. They are Grade 6 students from Waverley School in my constituency. They are accompanied by their teacher and several parents. I will ask them to please rise and be recognized by the Assembly.

## TABLING RETURNS AND REPORTS

DR. WARRACK:

Mr. Speaker, I am pleased to table two aircraft manifests, the Lands and Forests aircraft CF-AFD King Air and the Lands and Forests aircraft CF-CKM Queen Air, each for the calendar year 1974.

MR. RUSSELL:

Mr. Speaker, I'd like to table a reply to Motion for a Return No. 213 ordered at the last fall sitting. I would also like to file the report of the Hon. Mr. Justice Cairns.

DR. HOHOL:

Mr. Speaker, I should like to table a reply to Question [218] requested by the hon. Member for Sedgewick-Coronation on November 5, 1974.

MR. MINIELY:

Mr. Speaker, I would like to table replies to Questions and Motions for Returns Nos. 199, 201 and 210.

MR. HYNDMAN:

Mr. Speaker, I wish to table the answer to Question No. 211.

DR. HERNER:

Mr. Speaker, I would like to table replies to Questions 205, 206, 207, 208, 209, 212, 216 and 217.

MR. CRAWFORD:

Mr. Speaker, I would like to table, as required by Statute, the Report of Inspection-Laboratory Animal Care and Facilities at Alberta Universities. As well, Mr. Speaker, I would like to table copies of the Position Paper on Public Assistance Incentives in Alberta produced January 1975 by the government.

MR. YURKO:

Mr. Speaker, I beg leave to table Sessional Paper 214.

MR. COPITHORNE:

Mr. Speaker, I would like to table Return No. 203.

ORAL QUESTION PERIOD

Syncrude Project

MR. CLARK:

Mr. Speaker, I would like to direct a question to the Premier and ask the Premier if the Alberta government places the same high priority on the Syncrude project as it did on the evening of September 18, 1973, when the Premier announced that in fact the project would go ahead?

MR. LOUGHEED:

Mr. Speaker, I think in answer to that question relative to priority, the answer would be yes, although there has been a very important shift in the position regarding the Colorado oil shales, which was mentioned in my remarks in September of '73, in that they are being significantly delayed.

However, as far as the government is concerned, looking at the question, we are going to be studying the economic feasibility of it in terms of the dramatically changed conditions where the plant was estimated some 18 months ago to cost \$960 million and now is estimated to cost some \$2 billion. We have a number of studies that we have ordered and instructed, in order to give us a better evaluation as to whether or not the project is still economically feasible having regard to the nature of uncertainty of price.

MR. CLARK:

A supplementary question, Mr. Speaker, to the Premier. What response has the Government of Alberta had from the letters that the Alberta government sent to the various provinces in Canada regarding the possibility of those provinces investing in tar sands development in Alberta?

MR. LOUGHEED:

Mr. Speaker, I presume the hon. leader's question would also deal with the federal government as well as the provinces.

With regard to the position of the federal government, we have had discussions with them at the official level. There may be discussions which will occur at the ministerial level and I will be meeting with the Prime Minister on February 11 in Alberta where I am sure that that will be one matter under discussion.

I should point out to the hon. members, if they are not aware of it, that the position taken by the federal government at the moment was referred to in Hansard of the federal House of Commons on Wednesday. In answer to a question of a similar nature the federal Minister of Energy said - and I would appreciate the opportunity for the record, Mr. Speaker, to clear the position of the federal government as at the moment:

Mr. Speaker, government of Canada officials have examined the figures put forward by Syncrude itself with regard to the project. The Hon. gentlemen ...

Mr. Douglas was the man who asked the question.

... may be aware that the government of Alberta, which is also concerned in the same way that we are, has commissioned a number of outside studies covering the cost escalation of the Syncrude contract among other things. Before a government of Canada commitment would be made we would like a full opportunity to review the results of those studies so that we could compare them with the results of our own work. At the moment I am not in a position to give the Hon. gentlemen figures on either count.

That was the end of the quotation.

In addition to that, the Ontario Provincial Treasurer and the new Ontario Minister of Energy will be in Alberta today to discuss that subject, among other subjects, with the Minister of Federal and Intergovernmental Affairs and the Minister of Mines and Minerals. I believe in addition - I don't know whether the hon. Minister of Mines and Minerals is in a position to table them, but perhaps he could advise as to the correspondence from provinces other than Ontario and the federal government.

MR. DICKIE:

Mr. Speaker, I might supplement the answer by saying that when we did have the mines ministers' conference in December in Ottawa, the federal government at that time expressed an interest in the oil sands. Subsequent to that, we advised them that we'd find the federal government acceptable on a commercial basis. At that same time we sent copies of

that Telex to all the provincial mines ministers to ask them if they were interested at all.

We have received correspondence back from various provinces. We aren't in a position at this time to table it, but if a request were made accordingly we could determine if it would be permitted by the various provincial mines ministers to table that correspondence.

#### Syncrude - Participation by other Provinces

MR. CLARK:

A further supplementary question, Mr. Speaker, to the Minister of Mines and Minerals. Has any province, other than the Province of Ontario, expressed interest in investment in Alberta's tar sands?

MR. DICKIE:

Mr. Speaker, I wouldn't want to commit what is in the letters. A number of them asked for additional information before making firm commitments. I would say that perhaps only one province or so has really rejected it. The others are really requesting additional information, so I think it would be a little premature at this time to give a more definitive answer to that question.

MR. CLARK:

Further supplementary question to the minister. Has the Government of the Province of Ontario given any indication of a firm commitment to investment in the tar sands?

MR. DICKIE:

Mr. Speaker, the answer to that is definitely not, and that is the reason the hon. Premier mentioned that the Minister of Energy and the Provincial Treasurer will be meeting with us today.

MR. NOTLEY:

Supplementary question either to the hon. Premier or to the hon. Minister of Mines and Minerals.

Can the hon. Premier advise the Assembly whether or not the letters of communication to the other provinces contain guidelines for investing in the oil sands project, and whether the Government of Alberta has considered a mechanism to facilitate investment by other provinces in the oil sands project?

MR. LOUGHEED:

Mr. Speaker, we thought about that when we made the communication and we felt it would be necessary, from our point of view, to keep all our options open in terms of both further private sector participation and also participation with other governments. We thought that if we established any sort of conditions or limitations that would tend to dissuade other governments, and we wanted them to come in with all their options open as well.

So we would anticipate that the various governments would respond in relatively different ways. Certainly in terms of Central Canada there has to be a concern relative to a shortage of energy which would accelerate, in our estimates, the energy shortage in Canada from 7.3 years down to 6.5 years if the Syncrude project does not go ahead. That matter is, I know, of considerable concern to the federal government as well as to other provincial governments.

#### Syncrude - Escalating Costs

MR. NOTLEY:

Mr. Speaker, a further supplementary question to the hon. Premier. Can the Premier advise the Assembly whether it is the intention of the Government of Alberta, once the investigations as to cost increases are completed, to table those reports in the Assembly?

MR. LOUGHEED:

Mr. Speaker, we can't give an advance commitment with regard to that because we faced an agreement that we have which has been tabled in this House, whereby the parties to the Syncrude project are obliged to "indemnify and save harmless" the Government of Alberta from any claims that arise out of the project. We also have a provision in the agreement with regard to the strict confidentiality of the material we get from them. So we'll have to look at the reports as we receive them.

Certainly the hon. members and the public are entitled to the overall conclusions of the report and we will make them public. As to the actual documents themselves, we'll have to do an evaluation in relationship to the fact that there does involve - there has been a full disclosure to us and we've had full cooperation - the design, the engineering and the construction. I refer, hon. members, to paragraph 12 of the agreement between Syncrude and the government.

MR. SPEAKER:

Perhaps we might have a final supplementary on this topic by the hon. Member for Cypress; then we could come back to the topic after other hon. members have had an opportunity to ask questions.

MR. CLARK:

If I may make the point, Mr. Speaker, in light of the magnitude of the question at hand, something over \$2 billion, might we be permitted some latitude in exploring the Syncrude question in some detail this morning in question period?

MR. LOUGHEED:

Mr. Speaker, for our side we would welcome the questions.

MR. SPEAKER:

Would the hon. Member for Cypress then please proceed with his supplementary.

#### Syncrude - Audit

MR. STROM:

Thank you, Mr. Speaker. I would like to address my question to the hon. the Premier. Could the Premier tell us who the independent firm is that has been hired to conduct the audit for the Syncrude project?

MR. LOUGHEED:

Mr. Speaker, a number of firms are involved. Perhaps I could outline them.

First of all, Foster [Economic Consultants] Ltd. of Calgary will be doing an economic review of the project to ascertain its economic viability and feasibility in terms of crude oil price projections, relying on the current estimates including the Bechtel cost estimates.

The second one is the firm of Mannix Co. Ltd., (Loram International Ltd.) of Calgary, which has undertaken a considerable amount of work in connection with the Great Canadian Oil Sands plant. It will be doing a review of the current estimates, including the Bechtel cost estimates, to attempt to ascertain the validity of the change from the original estimates. I know hon. members are aware that Bechtel has been working on this thing for some five years and Mannix Co. Ltd. has a very difficult assignment. I believe they have had Fluor Corporation do a portion regarding some portions of the plant.

Then the Attorney General is having a review done of the legal implications.

The Minister of Industry and Commerce has arranged with Hu Harries & Associates of Edmonton to do an analysis of the impact which a possible delay in oil sands projects would have upon the general economy of Alberta, taking into consideration existing provincial shortages of manpower and materials, and the resultant impact upon various other proposed economic projects contemplated throughout the province over the next five years.

The Provincial Treasurer has requested Price Waterhouse & Co., Chartered Accountants, of Edmonton to do an accounting and audit review of the Syncrude project to date, and the financial projections upon which the Bechtel and total estimates were based.

MR. STROM:

Mr. Speaker, a supplementary question. Can the Premier advise whether or not there are outside personnel, I mean outside of Canada, who are being hired by any of these firms to carry out the studies that the Premier has just suggested to us this morning?

MR. LOUGHEED:

Mr. Speaker, we have tried, as it's obvious from the answer I just gave, to have Canadian firms do this evaluation as much as possible. But due to the time limitations in trying to get these - and we are targeting for the end of January but it may be some weeks after that before we get it - we have found some difficulty in getting it within that time frame.

I think, as I mentioned in my remarks, that the Fluor Corporation is involved in some portions of the audit on a subcontract basis from the Mannix company and that, of course, might take that portion of it out of Canada. The rest of it generally would be done by Canadians in Canada.

MR. STROM:

Mr. Speaker, if I may ask another question. Is this information being gathered by the companies or individuals, as listed by the Premier this morning, going to be made available to any of the provinces which might be interested in becoming involved? Will it be made available to any investor who is looking toward investment in the Syncrude project?

MR. LOUGHEED:

Mr. Speaker, that question has to be answered in the same way I answered the hon. Member for Spirit River-Fairview.

It would be our hope that at least with those governments that would be looking at possible investment, and the federal government, we would try to provide those reports. Because if it were governments, we would try to work out a relationship with the Syncrude group which would not breach the confidentiality arrangements, and would ask for their consent to pass them on to other governments so they would have full access to that information.

But Syncrude may, and we can't be in breach of our agreement, take the position that even though we can pass them with their concurrence - now that's not all of them; some of them - specifically to other governments or to an investor such as Shell Canada Limited, that would be subject to our not breaching the provisions of the contract arrangements that we've entered into with Syncrude.

#### Syncrude - Foreign Investment

MR. WILSON:

Mr. Speaker, I'd like to direct a supplementary question to the hon. Premier. Has the Alberta government taken an active part in inviting participation in the Syncrude project by foreign governments on a commercial basis?

MR. LOUGHEED:

Mr. Speaker, no we haven't. I think what we have tried to do over a number of years, as the hon. member will recall and as our statement at the energy conference a year ago said - that we would welcome discussions between the federal government in Canada and the United States government with regard to a planned approach in terms of energy that would still protect the Canadian interest and the Alberta interest. But it is certainly not our position to go beyond that.

MR. WILSON:

A supplementary, Mr. Speaker, to the hon. ...

MR. LOUGHEED:

I'm sorry, Mr. Speaker, I should probably add - I presume that that question was related to the Syncrude project as such, because if it was related to other projects we of course have had discussions on other projects with the Japanese interest as well as interests in other countries.

MR. WILSON:

A supplementary, Mr. Speaker. Would the hon. Premier elaborate as to whose role it would be to invite, say, the Japanese, as he mentioned, or the CFFC countries in the Syncrude project, if it isn't the responsibility of the Alberta government?

MR. LOUGHEED:

Mr. Speaker, I think it's quite clear that if we're referring to the Syncrude project that would be something that would have to be done jointly with the federal government and the Alberta government, and it certainly would be a matter that we would consider discussing with the Prime Minister.

But I think hon. members should be aware that the changed conditions of the last 18 months in terms of energy supply for Canada, the report of the National Energy Board, and the serious energy shortage we face in Canada make it quite clear that the people who are going to have the most important stake now under these conditions in the Syncrude project are those people who are going to be relying on Canadian production for security of supply. That essentially is going to be projects like Petrosar and Central Canada.

The greatest benefit at the moment under the different conditions that have occurred in the year and a half are not so much Alberta - we have the reserves to provide our needs - but the needs that need to be provided are the needs of people in Central Canada. Because if they don't do something about projects like the Syncrude project, in six and a half years they'll be without their needs.

#### Syncrude - Feasibility Studies

MR. LUDWIG:

Mr. Speaker, in light of the extensive studies being made as to feasibility and the economics of Syncrude, would the hon. Premier advise why some of these studies were not conducted prior to entering into the Syncrude agreement, but after the fact?

MR. LOUGHEED:

Mr. Speaker, the hon. member probably has difficulty understanding the fact ... [interjections] ... He doesn't even know what he has difficulty understanding.

What we are in fact assessing is the very important change that has occurred since September 1973, where a project that the Bechtel Corporation and the Syncrude partners estimated would cost \$960 million is now estimated to cost \$2 billion. The operating costs are now estimated to require a substantial increase in personnel. In addition to

that, we've had some changes in price situation and we have had the default of the Atlantic Richfield Company. As a result of those circumstances there has to be a reassessment, and a reassessment is being done by the Syncrude partners, by the Bechtel Corporation, by the Alberta government, by the federal government and by all who are involved.

MR. LUDWIG:

Mr. Speaker, in light of the answer, would the hon. Premier advise what particular studies were conducted and what reports he had received before announcing the glowing agreement with Syncrude?

MR. LOUGHEED:

Mr. Speaker, if the hon. member will recall, we tabled in the Legislature a number of documents in October 1973 that dealt with the situation at that time. The hon. member would be well advised to read them.

In particular, he would be well advised to read the document by Foster [Economic Consultants Ltd.], on the principal risk areas involved in the Syncrude project, and tabled in the Alberta Legislature October 10, 1973. I refer the hon. member specifically to that document.

MR. LUDWIG:

Mr. Speaker, in light of the present uncertainty about the whole Syncrude project and its future, would the hon. Premier advise whether he has given a directive to the publicity bureau to alter the name of Athabasca tar sands to the Tory quicksands?

MR. LOUGHEED:

Mr. Speaker, we won't call it the Alberta resources railroad anyway.

[Laughter]

#### Syncrude - Export Tax Fund

MR. TAYLOR:

Thank you, Mr. Speaker. My question is also to the hon. Premier or the hon. Provincial Treasurer. Is the government aware whether the very large sum of money, which literally belongs to the people of Alberta, that the federal government has collected through its export tax and has put into a fund for research, is still intact, or has any of that money been spent?

MR. MINIELY:

Mr. Speaker, in reply to the hon. Member for Drumheller, we are currently making contact with the federal government, through the Treasury Department, along with my colleague, the Minister of Federal and Intergovernmental Affairs.

Our understanding is that they do have the funds, as you know, that were indicated to be held for energy-based projects in Alberta. We are trying to clarify, in negotiation with the federal government, just what that might mean and what the specifications of the use of the funds in Alberta may be.

I'm sure the federal government in its examination of the oil sands and the Syncrude project is probably looking at these things jointly. But that is the status at the present time.

MR. TAYLOR:

One further supplementary. Has the Canadian government made any overtures to the Alberta government in regard to either (a) taking part of Syncrude, or (b) carrying out some research on its own in conjunction with the Alberta government?

MR. LOUGHEED:

Mr. Speaker, yes, I think I can answer that question. A number of ministers have been involved. The federal government has definitely said they are interested in both areas the hon. member refers to.

There is, of course, the fund involved there, that the hon. member has raised, which would be a subject of discussion. I think the federal government's position, somewhat like our own, is that because of the dramatic change in circumstances, they want the information in these studies to make an evaluation to see what options are open to them.

But I think it's clear, both from the discussions we've had at the official level and the answers given publicly by the federal minister, that they are clearly interested both in participation in the project, depending on the terms and circumstances, and also in some continued research which may be a very important factor, even more important now in terms of an emphasis on research in the oil sands if the mining aspects at the moment might have to be postponed.

MR. SPEAKER:

In view of the wishes of the Assembly, we might perhaps now start a second round of supplementaries with the Leader of the Opposition followed by the hon. Member for Spirit River-Fairview.

I overlooked the hon. Member for Calgary Millican before we start round two.

Syncrude - Deadline

MR. DIXON:

Thank you, Mr. Speaker. My supplementary question is to the hon. Premier. Has the government received any indication, as of today, as to whether the January 31 deadline put on by the Syncrude consortium will be extended?

Maybe while I'm on my feet, to save time Mr. Speaker, if the answer is no, does the government intend to ask that the deadline be extended owing to the research it is carrying out?

MR. LOUGHEED:

Mr. Speaker, yes, that is a very important question. First of all, the deadline aspect to it: in reading the transcript of the meetings, the public interview which was held a week ago in Toronto, I don't think any ultimatum or deadline was quite the way it was put by the remaining partners of Syncrude.

But what we understand [to be] the problem is that there is a technical legal problem between the partners which has a January 31-February 4 date on it. That problem relates to the situation of Atlantic Richfield's default, the inter-relationship between the parties, and the question of maintaining and not waiving the liability of Atlantic Richfield by the other partners if they proceed. We, for our part, would hope that the corporations involved, in terms of their public responsibilities, would not find themselves foundering on technical legal difficulties.

In addition to that we, of course, are trying to do what we can, as is the federal government, to assess whether or not to invite other participants into the project to pick up Atlantic Richfield's interests or any other participation that may be required. Certainly, in something as complex as this - the hon. member will recall it was some five, six years, I believe, in terms of total negotiations that were involved to bring the project to the present point - it is just simply a position that all can understand will take some time.

The one private-sector company, Shell Canada Limited, that has still expressed an interest, specifically said only three days ago that there was no way they could make a decision by a January 31 date and they would need a considerable period of time to assess whether they would prefer to participate in this mining project rather than continue with their own.

MR. DIXON:

Mr. Speaker, in view of the hon. Premier's question, I would like to ask one more final supplemental.

Is the province in receipt of an actual written agreement from the federal government regarding taxation and guarantee of price, in order that the deadline, or whatever decision is finally made, would be in order?

MR. LOUGHEED:

Mr. Speaker, with regard to taxation, we, as we recall, mentioned in December '73 in this Legislature, through the Provincial Treasurer and the Minister of Mines and Minerals, a definitive statement by the federal minister, Mr. Turner, which at that time, I think it was fair to say, we felt the Syncrude participants thought was adequate for their needs.

Then the federal budgets intervened and I believe Mr. McAfee, representing Gulf Oil Corporation, has said that we have to get that position absolutely certain, that the federal government will again confirm the position that is needed regarding the taxation, and that the 50 per cent profit-sharing arrangements with the Alberta government will not be subject to taxation. One can understand their concern having regard to recent budgetary events.

The best information we have at the moment is that that assurance, in a form satisfactory to Syncrude, will be forthcoming from the federal government within a matter of days, no more than weeks.

The price situation, however, has not been nearly as definitive by the federal government. That is one factor that could have had a bearing in terms of Atlantic Richfield's position and the uncertainty with regard to price. The bringing in of the Petroleum Administration Act in the federal House, the fact that our price is now only at \$6.50 when international prices are at about \$11.70, would indicate that that is a matter of serious concern. It is certainly a matter that Syncrude participants have taken up with the federal government in order to have the situation clarified.

I'm sorry for the extensive answer, but in my view, Mr. Speaker, it is absolutely essential, for this project to proceed, for that assurance to be there - the condition that's within this agreement of international prices - to be given by the federal government that they will not interfere with any way in which this project, if it

proceeds, can in fact produce a product which can be sold at international prices whatever they may be.

Syncrude - Legal Review

MR. CLARK:

Mr. Speaker, I'd like to direct my supplementary question to the Attorney General, and ask the Attorney General what firm is doing the legal review of the implications of the Syncrude agreement?

MR. LEITCH:

Mr. Speaker, Mr. Lomas of the firm of Macleod Dixon, who did some work for us in connection with the original agreement, is doing the review the hon. member asks about.

MR. CLARK:

A further supplementary, Mr. Speaker, to the Attorney General. Is the Attorney General in a position to give an indication to the House that he would be able to table the legal review in the Assembly?

MR. LEITCH:

Mr. Speaker, I wouldn't anticipate our being able to table that kind of review. I should draw to the attention of the hon. Leader of the Opposition that legal opinions are privileged documents.

I expect it will contain some opinions, not only with respect to the legal position of the government, but it will also undoubtedly contain comments, speculation and opinions on the legal position of other parties to the agreement, and undoubtedly other corporations which may have a legal relationship with the Syncrude partners, the Bechtel Corporation, the suppliers of equipment and things of that nature. In my view, Mr. Speaker, it would be most improper to make public that sort of review.

MR. CLARK:

A supplementary to the Attorney General, Mr. Speaker. Is there any portion of the agreement between the Syncrude group and the Government of Alberta that would prevent having the review tabled in the Legislature; would any portion of the agreement prevent that?

MR. LEITCH:

That, Mr. Speaker, is a question in anticipation. As the hon. Premier has already called to the attention of members of the Assembly, there is a confidentiality provision in the agreement between the provincial government and Syncrude and in order to answer the hon. leader's question we would have to review the report in the light of that provision in the contract.

Syncrude - Escalating Costs (continued)

MR. NOTLEY:

Mr. Speaker, I would like to direct this supplementary question to the hon. Premier. It flows from his announcement of December 20 establishing the investigation into the costs of Syncrude.

By way of explanation, Mr. Speaker, the hon. Premier in his statement pointed out that as late as October the Alberta government representative at the meetings was not informed of the escalating costs of the Syncrude project.

My question, Mr. Speaker, to the hon. Premier is: has the Premier had an opportunity to discuss this particular question with the consortium and is he satisfied that the Alberta government representatives were kept fully abreast?

MR. LOUGHEED:

Mr. Speaker, subsequent to the date of that statement and in investigating it further, I think it's fair to say, with regard to the Syncrude participants, that the events which transpired in terms of the revised Bechtel estimates came about as a culmination of the start of a revised estimate - and this is subject to checking - towards the period of around May-June, 1974, and that our representative, Mr. McFarlane, who sat in on those monthly meetings, was acquainted with that developing. And, of course, there was a general awareness that there were going to be increased costs as one can see with regard to projects like the Commonwealth Games, the Olympic Games or the oil shales development. There was a recognition that this would occur.

At the October meeting, which Mr. McFarlane attended, that information was not made available at that time. It was made available at the November meeting. The answer or the explanation that the Syncrude people say is that they took a look at the substantial alteration in the estimate and they felt they wanted to do some further checking before taking the position that that estimate should be confirmed to the Alberta government representatives. So there was a delay of one month.



However I think it is fair to say that the Syncrude people themselves, in the period of October, were surprised [at] the magnitude of the increase. They knew it was going to be large, but they were surprised [at] the magnitude of the increase.

MR. NOTLEY:

Mr. Speaker, a supplementary question for clarification. I take it then that the revised estimate of the construction costs of \$2 billion was as of late September or early October?

MR. LOUGHEED:

Mr. Speaker, I would have to check the actual dates but that's the general vicinity as I understand it. There was a meeting in October where there was an indication that this estimate was ongoing and would be discussed at the November meeting, but there is a time-frame difference there that I will have to check.

But in terms of what really happened I think it is fair to say that the Syncrude people received this information and we, the Alberta government representative, Mr. McFarlane, got it within about a month of the time it was available to Syncrude.

MR. NOTLEY:

One further supplementary question, Mr. Speaker. Can the hon. Premier advise the Assembly whether or not the Alberta government, its agencies, or perhaps the Northeastern Alberta Commissioner is conducting a thorough study and cost estimate of all the infrastructure costs in the northeastern region contingent on the Syncrude project?

MR. LOUGHEED:

Mr. Speaker, some preliminary work has been done in that direction. I am of course sure hon. members are well aware that the highway construction there that is being done should have been done in any event, and in no way can be related to a project that was tied to Syncrude. At least I don't think one should suggest that in Fort McMurray today.

With regard to some of the other situations that have developed in terms of housing and education, certainly they are being evaluated. But I think at this stage the general feeling is that the magnitude of that is not that great.

MR. WILSON:

A supplementary, Mr. Speaker, to the hon. the Premier. Would the Premier briefly outline the nature of the Syncrude Canada Ltd. reports to the Alberta government. How frequently are they received and what government department are they directed to?

MR. LOUGHEED:

Mr. Speaker, yes. I think if the hon. member reads the agreement he will understand that there has been a monthly meeting [which] the Alberta government representative, Mr. Rollie McFarlane, attends with Syncrude representatives, and the progress of construction is discussed. They report monthly. Mr. McFarlane is in charge as deputy minister of the office of program coordination, and it is his responsibility then to advise the various provincial government departments that are involved. And of course in November when the information became available to Mr. McFarlane, certainly we were alerted then.

MR. WILSON:

A supplementary, Mr. Speaker, to the hon. the Premier. Would the Premier advise which government minister is responsible for the overall supervision of the Alberta government's interests in Syncrude?

MR. LOUGHEED:

Mr. Speaker, prior to the period of December 20, when we were involved in an operational feature in terms of the various government operations in the area, the Minister of Municipal Affairs, Mr. Russell, working with the Northeast [Alberta Regional] Commissioner, was the minister primarily involved at that time.

Since that date of December 20, and as our statement reads on December 20, we have set up a task force of ministers chaired by the Minister of Mines and Minerals, Mr. Dickie, which also includes the Provincial Treasurer, the Attorney General, the Minister of Industry and Commerce, the Minister of Manpower and Labour and Mr. Getty, together of course with Mr. Russell.

#### Syncrude - Progress Reports

MR. WILSON:

A supplementary, Mr. Speaker, to the hon. the Premier. Would the Premier advise if the Syncrude reports, as such, that are obtained by the government would be made available in response to a motion for a return?

MR. LOUGHEED:

Mr. Speaker, we'd have to take it under advisement, having regard to the confidentiality provision, but it certainly would be something we would assess. I am not sure if the hon. member is referring to the period from October or September of 1973, or

at least when Mr. McFarlane started to attend these meetings, up until the current position. We would have to assess it in relation to that confidentiality provision.

MR. WILSON:

A supplementary, Mr. Speaker, to the hon. the Premier. From the explanation, is it right that we should understand no supplementary reports are given to the government other than the monthly scheduled meetings?

MR. LOUGHEED:

No, Mr. Speaker, that's not right. The Minister of Municipal Affairs has chaired meetings, with cabinet ministers, over the course of the last six to eight months that have occurred approximately monthly but perhaps, say, every six weeks in any event, where any of the operational problems, such as the highway and the progress of the highway, would be reviewed. But they were entirely to deal with the operational matters going on, the housing, educational and other facilities.

I might say unequivocally, because I think this is important for the Legislature, that none of the Syncrude partners, nor Syncrude, in any way suggest that the Alberta government didn't meet in full all of their obligations under this agreement.

MR. WILSON:

Just to make sure I understand clearly, Mr. Speaker, would the hon. Premier advise if there have been, for example, weekly reports by Syncrude Canada Ltd. to the Alberta government along the lines of information which would indicate the rising costs of construction of the plant?

MR. LOUGHEED:

Mr. Speaker, on the rising costs of the plant, definitely not. I thought I answered the question in my answer to the Member for Spirit River-Fairview, that all citizens - and I know the hon. member is aware of inflationary costs that are increasing - there was a consciousness of that. For that reason a revised cost estimate was set in motion, I believe as I said in May-June 1974.

They were well aware that, for example, the Colorado Oil Shales plants that had been projected were not going ahead, simply because the capital costs were too great. So they ordered that revised estimate by the Echtel Corporation, which was obtained by the Syncrude principals somewhere in the period of October. So it isn't a matter of a series of ongoing reports; it's a matter of one basic re-estimate of the project that was received in the period of October. Again I would have, as I did with the Member for Spirit River-Fairview, to check the exact dates.

#### Syncrude - Atlantic Richfield Withdrawal

MR. TAYLOR:

Thank you, Mr. Speaker. My question is also to the hon. Premier. Has Atlantic Richfield given the government any reasons for their withdrawal other than the one that costs have doubled in the last 15 months?

MR. LOUGHEED:

Mr. Speaker, when they met with us to inform us of their decision - and I'm going from memory so this will have to be subject to checking - they said the basic, prime reason was increased cost. They were particularly concerned about increased operating costs. They were concerned about the uncertainty of price that I mentioned in answer to the hon. Member for Calgary Millican.

They made it absolutely clear that it was not due to any royalty or tax policies of the Alberta government and that, as far as they were concerned, the profit-sharing relationship was certainly one that they could live with. They thought it was a little strong, in terms of 50 per cent, but that wasn't their reason for backing away from it. They did mention that the inability to export crude oil to the United States by way of a policy position of the federal government was a factor, but we asked them if, in itself, it would have created the decision and their answer was no.

MR. TAYLOR:

One further supplementary. Does the hon. Premier know whether there are interlocking directorates among and between Atlantic Richfield, Gulf and Imperial?

MR. LOUGHEED:

Mr. Speaker, my judgment of that would be that there are not, but I would like to check and give the hon. member an answer to that.

MR. NCTLEY:

Mr. Speaker, I would like to ...

MR. SPEAKER:

The hon. Member for Calgary Mountain View followed by the hon. Member for Cypress, and then the hon. Member for Medicine Hat-Redcliff.

## Provincial Income Tax

MR. LUDWIG:

Mr. Speaker, my question is to the hon. Provincial Treasurer.

You will recall that he had advised the House that a study was being made by his department with reference to personal income taxes in this province. I wonder whether he can advise whether that study has been completed and whether it is his intention to announce an income tax cut in this province in this session?

MR. SPEAKER:

Order, please. It was the understanding of the Chair that it was the wish of the Assembly to cover quite fully the question of Syncrude before starting the usual round of questions. I would ask the hon. member to wait until the supplementaries with regard to the Syncrude matter and energy have been completed.

MR. LUDWIG:

Yes, I will hold that question. The minister can think about it in the meantime.

[Interjections]

MR. LUDWIG:

Who would you know?

## Syncrude - Escalating Costs (continued)

MR. STROM:

Mr. Speaker, I would like a little clarification, if I may, on the matter of cost estimates by the company. Did I understand the Premier to say that the Syncrude company update their expenses on a monthly basis, and did the process start just in '74? You gave a date in '74, Mr. Speaker, that I'm not too clear on. I wonder if the Premier would elaborate a little more.

MR. LOUGHEED:

Mr. Speaker, as the hon. member is probably well aware, originally the capital estimate for this project was made by Bechtel, and was some \$600 million. Then, prior to the execution of the agreement, it had increased to \$960 million, which figure is confirmed in documents tabled in this House in October 1973, and provides certain provisions regarding operating estimates, too, that involve some eleven hundred personnel in terms of operation. Now that was a basic estimate.

The standard way in which these projects are handled is that the operators then work on the estimate and on a monthly basis will keep track of the costs they in fact incur. That is, of course, the assessment of Price Waterhouse [who] will be looking at the cost they in fact have incurred. But that is actual cost or commitment on a monthly basis.

An actual revised estimate in most projects is seldom done, but because of the nature of the world today most large-scale capital projects of a multi-year nature have, by necessity, been required to have an updated capital estimate. That's in fact what we're referring to, the updated capital estimate. But if the hon. member was referring to the accounting of the actual incurred expense or commitment on a monthly basis, I believe that was in fact done. Perhaps the hon. member could elaborate on which of those two areas he is referring to.

MR. STROM:

Mr. Speaker, first of all I realize what the Premier has said about the matter of capital costs and the re-evaluation of costs there. I'm primarily concerned about the costs that are incurred or imminent, and when I say "imminent" I'm thinking in terms of within a month. I'm wondering if the company has given any indication to the government as to how often it updates costs.

Mr. Speaker, if I may just say this. My reason for raising the question here is that the government, as a future participant, will be directly interested in knowing what the costs have been and whether they are reasonable in each case of updating. That's really what I'm getting at.

MR. LOUGHEED:

Mr. Speaker, I understand the hon. member's question and I think we would have to withhold further comment until we've seen the Price Waterhouse report, which deals with that particular matter, and made an assessment of it.

## Syncrude - AEC

MR. WYSE:

A supplementary question, Mr. Speaker, to the hon. Minister of Federal and

Intergovernmental Affairs.

I notice where the president of the AEC and the hon. Provincial Treasurer made mention of Syncrude and the Alberta Energy Company. Is it possible that the Alberta Energy Company may pick up the one-third share in Syncrude, or are they considering it at this time?

MR. GETTY:

Mr. Speaker, the percentage that the Alberta Energy Company would have an option in exercising in the Syncrude plant would not be a one-third share. It would be up to a 20 per cent interest which they would at present have the option to exercise at the time the plant goes on stream. In other words, they would know what the plant cost, what the current prices for oil were, and some of the other uncertainties that presently exist would presumably be removed.

However, that decision would have to be made by the board of directors of the company and we would just have to wait for them to assess that entire economic situation and make their decision.

#### Syncrude - Lawsuit

MR. DIXON:

Mr. Speaker, my supplementary question is to either the hon. Premier or the hon. Attorney General. Were there any meetings or discussions held with some of the parties in Syncrude with the provincial government prior to the lawsuit being launched against Atlantic Richfield Canada and its parent company in the United States?

MR. LEITCH:

Mr. Speaker, there were a number of meetings between representatives of Syncrude, their participants and members of the government. In one of those meetings the matter may have been raised, but I'm not aware of any specific meeting between the participants in Syncrude and the government in relation to the lawsuit.

MR. DIXON:

Mr. Speaker, in light of the answer of the hon. Attorney General, what was the government's position? Did it encourage or discourage suing Atlantic Richfield, having in mind that the government is a partner in this proposition? Do you mean to tell me you weren't at all advised of what was going on?

MR. LEITCH:

I wonder, Mr. Speaker, if the hon. member is now leaving debate sufficiently for us to answer the question. They ...

SOME HON. MEMBERS:

Try, try.

MR. LEITCH:

Mr. Speaker, I think it's pretty clear, if the hon. member would take the time to read the agreement, or read the litigation that has been started, that that's an issue between the companies with respect to their rights and obligations in Syncrude. It's a private matter between those companies and involves responsibilities and claims for damages between them. It doesn't in any direct way at all involve the government.

MR. SPEAKER:

We've begun to run overtime. In view of the hon. Member for Spirit River-Fairview having been recognized, if the Assembly would permit, perhaps we might have a supplementary from him followed by a very short one by the hon. Member for Sedgewick-Coronation who has been waiting to be recognized for some time.

#### Syncrude - Escalating Costs (continued)

MR. NOTLEY:

Mr. Speaker, a supplementary question to the hon. Premier. This concerns the November meeting which Mr. McFarlane attended.

Could the hon. Premier advise the Assembly whether or not Mr. McFarlane received any reasons at that time, which he could make public today, for the phenomenal increase between the June estimate and the September estimate?

Further, Mr. Speaker, was the decision made shortly thereafter or was it as a result of this meeting that the decision was made to have a thorough investigation by the government, an independent investigation of all the costs?

MP. LOUGHEED:

Mr. Speaker, the decision with regard to the overall assessment was one that was confirmed by the withdrawal of Atlantic Richfield, although with the information that we were being provided by Mr. McFarlane arising out of the November meeting, we had already established some in-house reviews by the various government departments.

The point that the hon. member raises: it should be clear that quite obviously the matters that were raised involved such things as equipment cost increases, which was one of the very large matters.

The Syncrude project is a project that - I almost added the word "unfortunately", but in any event the decision was made - the Syncrude project was a project whereby the engineering is based on a dragline operation. The large draglines required can only be obtained in the United States, and my understanding is that there is a long line-up of - rising out of Project Independence - projects within the United States, that are seeking similar equipment from companies such as Bucyrus-Erie. For that reason it is obvious that there is going to be a very large increase in cost there.

It was also obvious that in other large capital projects, such as James Bay in Canada, there was a clear awareness that many of these things had rapidly increased and escalated. It's a matter therefore of degree. Quite clearly it was discussed but the magnitude of the increase is the very reason we're having the evaluation done by the Mannix company.

#### Energy Corridor - Land Acquisition

MR. SORENSON:

Mr. Speaker, my question is to the hon. Minister of the Environment. Would the hon. minister indicate the present stage of negotiations for the acquisition of land in the energy corridor between Fort McMurray and Hardisty? Perhaps he could indicate how much land has been acquired by government in the corridor.

MR. YURKO:

Mr. Speaker, as of November 7, 1974 I issued instructions to the department to terminate all negotiations with respect to purchasing land in the corridor. The reason for issuing the instructions at that time was that there seemed to be an unusual amount of anxiety in the field as to price and what should be purchased and what shouldn't be purchased.

The government has basically purchased a number of parcels in the Skaro area as well as a number of parcels in the Hardisty area. Very few parcels have been purchased within the corridor proper. Some have been purchased, but they are few in number, north of the Skaro site.

MR. RUSTE:

Mr. Speaker, a supplementary question on that.

MR. SPEAKER:

Possibly since we've already run beyond the time for the question period we might go back to the hon. member's supplementary on Monday.

SOME HON. MEMBERS:

Agreed.

MR. LUDWIG:

The hon. Mr. Miniely was anxious to give me an answer, Mr. Speaker.

MR. SPEAKER:

It was the Chair's understanding that the hon. member had subsequently anticipated the answer, but perhaps we might go on with it on Monday.

MR. LUDWIG:

Mr. Speaker, the answer had better be good by that time.

#### ORDERS OF THE DAY

#### INTRODUCTION OF VISITORS (reversion)

MR. SPEAKER:

Under Orders of the Day there are two items, one of which might perhaps come under business of the Assembly or Introduction of Visitors. I'll be very brief.

First of all, may I introduce to hon. members Mr. and Mrs. Michael Clegg in the Speaker's gallery.

With the assistance and advice of the Members' Services Committee, Mr. Clegg was selected from an impressive group of applicants to become Law Clerk. This position has heretofore been an adjunct to that of Legislative Counsel, Mr. Acorn. Apart from the possibilities of conflict of interest, which Mr. Acorn has from time to time pointed out, the fact is that the volume of work is too large to permit one person to continue to fill these two positions.

It has been recognized that all members of the Assembly should be able to obtain prompt, expert and professional advice concerning their bills, motions, privileges and other matters, whenever they find that necessary.

Mr. Clegg is a graduate of Cambridge University in chemistry and in law. He read law at Gray's Inn and is a member of the bars of England, Alberta and Wales. His varied experience includes military service during which he served as an officer in a parachute regiment.

I am confident that hon. members will welcome the assistance of Mr. Clegg in the increasing volume of work which all of us find we must do.

Mr. and Mrs. Clegg have been living in Edmonton for some time with their children.

I would ask them to stand and be welcomed by Mr. Clegg's new clients.

[Applause]

MR. SPEAKER:

Somewhat connected with that item, hon. members will be glad to know that a new edition of the Standing Orders incorporating the amendments made last fall is expected to be available Monday. Mr. Clegg has been doing some excellent work in blending in the amendments. The edition which will come out on Monday will contain all of the Standing Orders themselves. As soon as possible during the session, Mr. Clegg expects to provide hon. members with a complete consolidation which will include a much improved index.

#### CONSIDERATION OF HIS HONOUR THE LIEUTENANT-GOVERNOR'S SPEECH

MR. KOZIAK:

Nit okimam, Ni chowam ekwayatch ki ta itwehk oma askihk oma Canada, Nehiyaw e peekisqwesta ma wat ot O ki mas gwa mu. Niyu, Ni ki chi ka we yi mon ki tu nanaskomi tan oma ki miyo peekiskewin. [As submitted by Mr. Koziak.]

DR. BUCK:

Some of us understand.

MR. KOZIAK:

Mr. Speaker, for those hon. members other than the Member for Clover Bar who are not fluent in the language of the Cree, a rough translation of my remarks would be as follows: This is an historic occasion. It is the first time in the history of Alberta and in the history of Canada that a native Canadian Indian, representing the Queen, has read the Speech from the Throne. I consider it a great privilege to thank His Honour for his gracious speech.

Mr. Speaker, His Honour has enjoyed a distinguished career in municipal government, in community organizations, as a successful farmer and family man and as a leader in this community. He brings his knowledge, wisdom and talents to his position and I'm sure all hon. members will agree that His Honour, Ralph Steinhauer, is a fitting representative of the Queen in Alberta.

It is of interest, Mr. Speaker, that His Honour was born in Morley, Alberta in 1905, the same year in which the province of Alberta was created. His age makes him a senior citizen, one of the 127,000 people in Alberta over 65 years of age. His Honour is an example of the great contribution which senior citizens can make to the development of our province. Too often our senior citizens are not recognized for what they are: a great pool of talent and ability, a valuable resource which too often lies fallow. The recognition in the Throne Speech of the value of senior citizens to our society is both welcome and commendable. I am pleased that the government is committed to policies which will encourage the participation of older people in all aspects of community and provincial life. Those of us under the age of 65 will reap the benefits of these policies.

One of the commitments which the Progressive Conservative party made prior to the last election was to bring government to the people. One very successful method of accomplishing this is the program of cabinet tours throughout the province. I was fortunate to be a part of the Edmonton cabinet tour on December 5, 1974 and I accompanied the Hon. Neil Crawford, Mr. Miniely and Dr. Backus. On that date we visited the Strathcona Place for senior citizens on University Avenue and the Society for the Retired and Semi-Retired on 104 Street. I was very pleased with the large turnout of members at both of these meetings. In particular, I was pleased to have had the opportunity to hear some of the concerns of people over 65.

At both locations I was informed that senior citizens were concerned about the cost of medical examinations which are required for the issuance or renewal of a driver's licence. They voiced their concerns well and I felt that their concerns were valid. I publicly gave them my personal commitment that I would bring this to the attention of the government with the view to eliminating this troublesome cost. I am gratified by the provision in the Throne Speech, Mr. Speaker, which will result in free medical examinations for senior citizens seeking drivers' licences.

This is but one of the many programs for senior citizens spelled out in the Throne Speech which will be of particular interest, not only to the members of the societies that I visited, but to all members of the constituency of Edmonton Strathcona.

Today signifies the commencement of Minor Hockey Week in Edmonton which runs from January 24 to February 2. Approximately 750 hockey teams will be participating in this event which will provide physical exercise and enjoyment for more than 10,000 boys and a heck of a lot of fun and excitement for as many parents. My own son Donald, who is in the members gallery, will be participating and I will be there losing my voice cheering for him. I am sure that the hon. Member for Ponoka, Dr. McCrimmon, whose son plays with the Oilers, will agree with me that there is no hockey game more exciting than the one in which your son is playing. But the opportunity for these youngsters and for their parents wouldn't exist without the efforts of thousands of volunteers who donate willingly and freely their time and talents as coaches, as managers, directors, organizers, ice makers and in many many other capacities so that these youngsters can enjoy and participate in organized sport.

I am pleased that the Throne Speech recognizes the efforts of the model citizens of our societies, the volunteers. We see them everywhere working with youth in organized sport, in community leagues, in artistic and cultural and recreational societies; working with the handicapped, the underprivileged and the senior citizens. It is through their efforts that recreational facilities are developed, accommodation for senior citizens built and life in Alberta made that much more pleasant for all of us.

But there is one type of volunteer that I would like to single out for special attention and that is the person who volunteers his own personal safety, well-being and perhaps even his life to save or rescue another from danger. On January 7 I was honored to represent the Premier and the Government of Alberta at the ninth annual investiture of lifesaving awards at Government House. Many individuals of all ages and both sexes were honored for their selfless sacrifices and outstanding efforts in saving the lives of others.

I was, Mr. Speaker, most impressed with the particular efforts of the recipient of the Gold Medal for Bravery awarded by Life of Alberta. It was presented to Mr. Ken Bishop of Lloydminster and I would like to read to you a brief description of his heroic efforts:

A multiple-vehicle collision had occurred in winter weather on a highway near Vegreville. The collision involved a fuel tanker truck which had ruptured and two other trucks resulting in serious personal injury to the occupants. Several persons arrived on the scene before Ken Bishop, none of whom were doing anything to help or rescue the injured.

Ken Bishop waded through gasoline in the ditch and was in the course of rescuing one of the injured drivers when the gasoline exploded which threw Mr. Bishop about 25 feet and set his clothing on fire. He extinguished his clothing by rolling in the snow and then attempted to return through the blazing gasoline to complete the rescue of the injured driver, but was driven back by flames. He returned a second time and completed the rescue of the injured driver. In doing so, he suffered burns to 40 percent of his body.

In risking his own life to save that of another, Mr. Bishop seriously affected his health.

Unfortunately, "The result was a loss of his job with no possibility for compensation."

Mr. Speaker, The Criminal Injuries Compensation Act provides compensation for injuries as a result of a crime or for injuries sustained while assisting a peace officer. It does not provide for compensation where a person voluntarily risks his own life with resulting physical injury in order to save the life of another. If ever there was a case of recognition being necessary for a volunteer, this, Mr. Speaker, is one.

I would hope in recognizing the efforts of volunteers, the government would consider an extension of the principles contained in The Criminal Injuries Compensation Act so as to cover the injuries suffered by one who volunteers himself in the greatest possible service to mankind, that is, the saving of the life of another.

The weather has been beautiful, Mr. Speaker. It's been one of those years when fall lasts until it is supposed to, and winter doesn't come until December 21, and then when it does, it's more like a mild spring. I'm not suggesting that our weather is a result of this Throne Speech or any other previous Throne Speech, for truly we can only thank God for our good fortunes. However, the extreme varieties in winter weather that we experience in this climate play havoc with skating rinks and their use. Either the ice is covered with snow, the temperature is too cold to play, or the ice is melting. In order to make maximum use of ice facilities, covered arenas with artificial ice are a necessity. I am pleased that programs for recreational and cultural facility development have been given priority in the Throne Speech.

The need for recreational facilities is growing rapidly. I have already mentioned the intensive use of recreational facilities by youngsters in hockey. Add to this the growing

use of recreational facilities by adults of all ages. There are many influences resulting in this demand. Some of these we can recognize as the shortened work week which creates more leisure time; the changing nature of employment conditions with fewer and fewer jobs requiring physical application and more and more requiring mental application; the concern about health and the relationship of satisfactory physical and mental health to proper recreational programs.

A growing concern among governments of the provinces in Canada is the ever-increasing cost of providing medical care. The most effective way of reducing these costs, both from the point of view of governments and from the point of view of citizens, is the development of programs which nurture good health and thereby prevent the necessity of treatment.

I submit that money spent in recreation plays two roles: it provides for the recreational needs of our citizens, and it also results in savings by encouraging healthy citizens to remain healthy. I am pleased that this program extends not only to recreational facility development but also to cultural facility development. The word "cultural" includes the arts and crafts; it includes the preservation of our heritage, and it includes the aspirations for the development of their cultures by the many Albertans of various ethnic backgrounds.

Not only do I have great expectations for future programs in these areas, but I must compliment the efforts of the Hon. Horst Schmid, the Minister of Culture, Youth and Recreation, for his efforts on the cultural front. Many Alberta artists have received recognition of their talents because of programs which have been developed by his department. His efforts on behalf of ethnic groups in Alberta have been sterling. I am sure Horst attended almost every banquet which has ever been put on by a cultural or ethnic group in this province; and it shows.

AN HON. MEMBER:

Free meal.

MR. KCZIAK:

Fully 53 per cent of all Albertans do not trace their origin to the British Isles. This majority of Albertans have backgrounds rich in history, culture and tradition which they are sharing with others to make Alberta that much more an exciting place to live in. Programs which will encourage the development of these cultures and the sharing of them with all Albertans will be of great benefit to us all.

Mr. Speaker, there are many positive programs in the Speech from the Throne in the areas of housing, education, health and social development, the rights of women, the needs of Albertans on fixed incomes, manpower and labor, environment, substantially increased municipal assistance, telephones and utilities, transportation, justice, and others that I would like to speak favorably on, would time permit. However, I would like to spend some time on one particular aspect of the Throne Speech which I feel is of utmost importance for future Albertans, and that is in the area of industrial development.

The Throne Speech notes that over 80,000 new jobs have been created in Alberta since September 1971. Alberta's participation rate in the labor force is the highest in Canada, and Alberta's unemployment rate is among the lowest in Canada. However, programs must be developed so as to ensure that employment opportunities are available for future young Albertans entering the labor force.

The need to diversify Alberta's economy is better understood when a comparison is made of Alberta's economy with that of the rest of Canada. The most recent statistics indicate that mining accounts for 41.8 per cent of the net value of production in Alberta. This compares with 10.5 per cent for all of Canada. In other words, Alberta's economy is four times as reliant on mining as is Canada's economy, and basically mining is the natural gas and crude oil, including the conventional and synthetic crude and to a limited degree, of course, coal mining in Alberta. But predominantly, that is our oil and gas industry.

On the other hand, manufacturing accounts for 17.1 per cent of the net value of Alberta's production, but 54 per cent of Canada's net value of production. Agriculture accounts for 19.2 per cent of Alberta's production compared with 10.1 per cent for Canada.

Now an analysis of these statistics shows that Alberta's economy is three times as reliant on primary resource development as is Canada's economy. On the other hand, manufacturing is three times as significant to Canada's economy as it is to Alberta's economy.

The need to balance the provincial economy by encouraging manufacturing within the province is apparent. The greatest possibility for this is in the area of petrochemicals where we enjoy the advantage of supply of raw materials. When one, Mr. Speaker, considers the job creation potential of the chemical industry it becomes apparent that the efforts must be channelled in this direction.

I should like to refer members to Table 5.6 in the report of the legislative Committee on Foreign Investment which hon. members recently received. That table indicates the job creation potential of the chemical industry.

A billion pound ethylene plant creates 115 jobs. Now if processing can be extended to the point where the first stage derivatives are created, an additional 595 jobs can be seen. If processing is then taken to the second stage, an additional 1,315 jobs are created. And finally, when processing is taken to the third stage, 29,290 jobs are created, all from the product of the initial one billion pound ethylene plant.

For this reason, the basic goals and objectives set out in the Throne Speech are of utmost importance, in particular the third objective under the heading Natural Resources



which reads as follows: "To develop these resources with expanded processing within Alberta to the extent practical - thereby expanding job opportunities for our citizens and moving towards balanced urban-rural growth."

Mr. Speaker, there are some who would say that our efforts should not be directed at providing job opportunities in this area. Rather our efforts should be directed at limiting the population growth of the province. It's a nice theory, but when the theory is broken down into human factors, it becomes very unconvincing.

If we do not create job opportunities for our children, our children will have to seek these opportunities elsewhere, perhaps outside of the province, perhaps outside of the country. I myself feel there is no better place in the world in which to live than in the province of Alberta and I would be very disappointed, Mr. Speaker, if my children had to leave this province because job opportunities were not available to them at home. I am sure my feelings are the feelings of the majority of parents in Edmonton Strathcona and in all of Alberta.

I have had the honor, as the Member for Edmonton Strathcona, to sit in the Assembly during the reading of four Speeches from the Throne. It is satisfying to be able to look back on the earlier three speeches and trace the development of programs flowing from these speeches which have implemented the majority of the pledges made by the members on this side prior to the 1971 election.

The residents of Edmonton Strathcona have been particularly favorably affected by the reduction of property taxes through the removal of the provincial education tax on residential property. The renters assistance credit, and now the increased credit for senior citizens, has and will continue to benefit renters in my constituency. Senior citizens have benefited from the Extended Health Benefits Program developed by the Department of Health and Social Development and by the elimination of medicare premiums. Citizens of Edmonton Strathcona of all ages will be able to enjoy the Capital City Recreation Park. Since this park will form the entire north boundary of the constituency it will be within easy reach of all residents.

But of all past accomplishments, Mr. Speaker, of this government, I would like to highlight the success of the many many programs developed by the Minister of Agriculture, the Deputy Premier. Edmonton Strathcona is smaller than most Alberta farms and you might well wonder why a city member would like to highlight the progress in agriculture. Well, I believe that a strong agricultural industry means benefits for us city slickers. Money in the pockets of the farmers usually finds some of its way into the pockets of urban dwellers.

Not only are there economic benefits from a strong agricultural industry, but the pressures for movement and urban growth are reduced. The best way to keep 'em down on the farm, the best way to preserve the family farm, is to ensure that farmers receive a proper return for their investment and for their efforts in the work they do in creating the produce which we all enjoy.

I have already pointed out that agriculture is twice as important to the Alberta economy as to the Canadian economy. The responsibilities of the provincial government in ensuring world markets for our produce becomes apparent. The Department of Agriculture has handled these responsibilities well by realizing that if we want world markets to be interested in our products they must be made aware of these products. Our population of 1.7 million in this province is insignificant when compared with a total world population. It is quite possible that many many people in the world have never even heard of Alberta.

Trade missions, both outgoing and incoming, are very important in assuring markets for our products and it is comforting that the Throne Speech intends to continue to encourage such missions.

But the best measure of the effectiveness of our government's agricultural policies can be seen in the surprising growth of the net value of production by agriculture since 1971. At one time agriculture was the foremost contributor to Alberta's economy. By the end of the 1950s it was surpassed by construction, by mining and by manufacturing. In 1971, when this government took office, agriculture was fourth in total production. Since then both manufacturing and construction have shown steady increases in production. However, the increase in the net value of production in agriculture since 1971 has been dramatic. By 1973 agriculture had overtaken both manufacturing and construction and now is the second largest contributor to the Alberta economy.

To a large degree world forces of supply and demand have effected this, but no doubt the policies of the Department of Agriculture have influenced this dramatic rise in the value of agriculture to the Alberta economy.

Mr. Speaker, I have been given the honor of moving the acceptance of the Speech from the Throne. For this opportunity and honor I am grateful to the Premier, the Hon. Peter Lougheed, who has shown the proven and thoughtful leadership which the Speech from the Throne considers essential for the future of Alberta.

[Applause]

MR. APPLEBY:

Mr. Speaker, it is with a considerable feeling of gratitude that I have the honor this morning of seconding the motion made by my colleague, the hon. Member for Edmonton Strathcona, with respect to the address from the Speech from the Throne. I use the word "gratitude", Mr. Speaker, not so much from a personal sense but because I view this as giving a very just and a very deserved recognition to the constituency of Athabasca which I have the honor and privilege of representing in this Assembly.

Mr. Speaker, I was very pleased to hear my colleague, in moving the motion, pay tribute to the new Lieutenant-Governor of this province, the Hon. Ralph Steinhauer. I too would like to add that I believe this is a very just tribute and one to which we all most sincerely subscribe.

Mr. Speaker, there seems to be within this province at the present time some sort of rumor circulating regarding the possibility that there might be a provincial election this year.

AN HON. MEMBER:

No.

MR. APPLEBY:

It appears as a result of this rumor that is circulating certain political parties are holding nominating conventions and choosing candidates to run in this election, should such an event occur.

DR. BUCK:

It'll be over by the April 15, too.

MR. APPLEBY:

I'm not sure whether he managed to get nominated yet or not, that man from Clover Bar. Anyway, Mr. Speaker, I think it is no doubt with some regret that all of us here in this Assembly have heard announcements made by certain members, both on the government side and on the opposition side, that they do not intend to stand for re-election in this Assembly. I think we have this feeling of regret, Mr. Speaker, because we have to realize that all these people, and as we represent in this Assembly all the people of Alberta, have deep recognition of gratitude to all such members, whether they have served for short or long periods of time, in the fact that they have offered themselves here in the public service of this province on behalf of the people of Alberta.

Mr. Speaker, it has been my very proud and very exciting experience to be a member of this, the 17th Alberta Legislature. Sometimes we hear the expression used, as we travel about in any part of Alberta or Canada or the world for that matter, people saying, we'd better go where the action is. Now you know, Mr. Speaker, I think there is no doubt that over the past three and one-half years, under the inspiring leadership of our Premier, Peter Lougheed, and with the introduction by the Premier and the cabinet of new policies and approaches to government that we have had in Alberta, policies and approaches that have in fact shown the way for all the provinces in this Dominion, here in Alberta is where the action is today.

Mr. Speaker, there are three priorities specifically mentioned in the Speech from the Throne. While other sections of the Throne Speech clearly and very definitely indicate other directions in which the government intends to move, I think it is very fitting that our number one priority for 1975 should be dealing with the matter of the future of the senior citizens of this province and introducing new and improving upon the previous programs that have been introduced into the province. All of these are based, and very fittingly so, on the firm foundations that we have established in the past three and one-half years in office.

I think it's very significant, and my colleague from Edmonton Strathcona has mentioned some of these figures, that when the Speech from the Throne states there are 127,000 of these senior citizens that's an approximate figure - that is, people 65 years of age and over in the province of Alberta, we show in this speech that they are being given a considerable amount of recognition.

Perhaps somebody might say, well that is less than 8 per cent of the population of this province; why should this government continue to give them such care and special consideration. I think, if we look back at statements that have been made within this Assembly, we do not have to meditate very long to realize that this is a very just priority. I well remember that the hon. Member for Drumheller has often spoken on this particular subject and the need for this type of recognition.

These are the people, and this has been said before, Mr. Speaker, who have pioneered the frontiers of this country, not only in agriculture, forestry, education and medicine, but in all the occupations that go to make up the society in this province of ours. They are also the people, Mr. Speaker, who have preserved and maintained for all of us the cultures, the heritages and the events of historical significance from the past, of which we today are becoming more and more appreciative. We realize their value as something we must continue to maintain and cherish - something that, although it has come from many many places, will be remembered as part of Alberta's past and Alberta's present as well.

I, too, would sincerely like to congratulate the Minister of Culture, Youth and Recreation for introducing the programs he has brought about in recognizing these cultures and heritages, and bringing in programs to maintain them so that we may have them always as a legacy from the past commemorating our senior citizens.

These people have among their skills, not only manual ones, but also intellectual ones as well, Mr. Speaker. On page 7 of the Throne Speech, in the section dealing with Advanced Education, we are reminded that Alberta has shown leadership for all of Canada in this particular field. While a great deal of this credit is due to the Department of Advanced Education and to the minister in charge of that department, we should also remember that a great deal of the credit for our position in this particular field can

also be given to senior citizens who have participated in the role of leadership in fields dealing with advanced education in the past.

So I am very pleased, Mr. Speaker, as my colleague from Edmonton Strathcona has already mentioned, to see that the senior citizens will have a greater assured income. I think we [can] also note that the increased renter rebate, the free driver medical examination, the proposed Blue Cross ambulance benefits, the removal of the initial hospital entrance fee, the increased local health services, the new programs to provide bursaries to train people to work in auxiliary hospitals and nursing homes, and the new assistance for home support services will all add considerably to the actual income value that the senior citizens will be receiving from the sources within the province.

I note also the planned departmental division on senior citizens. I think here we move into an area which has hitherto been very dormant and yet is a very valuable resource. The senior citizens in this province, and senior citizens in all places in fact, have a store of knowledge, experience and skills that has been very little utilized in the past. I have noted, as I visited senior citizen lodges, housing units and the many drop-in centres throughout the province, how much these people have achieved through their own very special efforts and how much they enjoy the fact that other people recognize and appreciate the fact that they, as senior citizens, will continue to play a very important role in this province of Alberta and in the development of the province.

Mr. Speaker, if I might become somewhat parochial for a moment, I would like to say that in the case where senior citizens feel that for their own care, comfort and companionship they would find it more convenient to enter a senior citizens lodge, it is very essential that they should have the opportunity to enter such a lodge as close to their previous home, community and environment as possible. I say that, Mr. Speaker, because I believe the village of Boyle in my constituency is an excellent place to locate such a lodge.

I had some collaboration with my colleague from Edmonton Strathcona as to topics we were to discuss in this debate, Mr. Speaker, but as I was reminded by the Deputy Speaker a few moments ago, the lawyers always keep all their options open, and I am going to say a few words about agriculture nevertheless.

I am sure that other rural members will want to talk about agriculture as well, and perhaps some more of the urban members - maybe my friend from Calgary Buffalo would also like to say a word about agriculture.

We have had also, Mr. Speaker, some very very exciting times in the field of agriculture here in the past three and one-half years. Much has been done. Many programs and policies have been implemented and a great and very significant surge forward has been made throughout the entire field of agriculture. On page 3 of the Throne Speech we see that the gross farm income has risen to over one billion dollars per year. But what is also significant, Mr. Speaker, is the fact that the net farm income has risen to its highest level ever before reached in Alberta.

Mr. Speaker, while the Throne Speech acknowledges the fact that decreased beef prices have caused reduced farm income for some, it should be mentioned that the guaranteed interest-free calf loan program, introduced this past fall to assist the cow-calf operators to stay in business, has received considerable acceptance throughout the farming community.

I know, Mr. Speaker, there are certain sections of Alberta, particularly in northern Alberta, which are still suffering the economic effects of climatic conditions over the past two years - the snowed-under crops, the late spring, the early frost last year and so on. The Minister of Agriculture told me that his people are still assessing this situation and are looking at the prospects in the areas. However, Mr. Speaker, the announcement in the past week of the proposed new crop insurance program is something that will go a long way [towards] removing these hazards from the farming community in the future life of farming in Alberta.

There has been a considerable emphasis in the field of specialized crops in Alberta, Mr. Speaker, in the past three and one-half years. The development of the new rapeseed plants at Sexsmith, Lloydminster and near Edmonton will be projects that will be able to absorb all the rapeseed production from the farms in Alberta, unless, as has been suggested by the President of the Alberta Rapeseed Growers' Association and his remarks to the convention going on right now, we can drastically increase our yields in that respect. However, we must remember also that the Lloydminster plant will be drawing on the Saskatchewan production as well, so we will have no shortage of facilities; but I do not think we'll have any shortage of production to make use of these facilities.

These plants of course, as mentioned by my colleague from Edmonton Strathcona in other types of operations - he talked about the petrochemical industry and the spin-off that will be benefited here in Alberta. In this industry we will have employment. That is a great thing. We will have more domestic resource or location for rapeseed meal which is vital in the livestock industry. We will have closer markets to deliver our production of rapeseed from the farms to. And this is all important.

However I suppose, Mr. Speaker, no doubt many of the members are expecting me to say something about beekeeping and the honey industry in this province.

AN HON. MEMBER:  
Right.

MR. APPLEBY:

I would certainly like to do so. Although this past year in the Peace River country the adverse weather has curtailed production of honey considerably, Alberta still leads Canada in the production of honey. In the past three and one-half years we have had a great deal of encouragement, through the Department of Agriculture, in the beekeeping industry. The first step, which was of great benefit, was the introduction of the new Bee Act which removed, which increased I suppose I should say the control of disease in the industry and that had an effect on production immediately.

During last winter we had a program under way to bring into Alberta new sources of packaged bees because the price of the California packaged bees had escalated to such a marked degree. We were successful in bringing in some from Mexico along with about 3,000 queens. This is an ongoing program. It was found to be very worth while and is being continued at the present time.

Another program that the Department of Agriculture is sponsoring, and has been for the last two years, is the overwintering of bees in Alberta. This year several thousand hives are being wintered in our province. The experiment of course this winter is proving very very productive as far as that part is concerned.

We hear considerable publicity, Mr. Speaker, given to the fact that farm costs are increasing dramatically. They talk about things like fertilizer, fuel, farm machinery and repairs, insecticides and pesticides and so on. These are concerns which are very just and which we recognize. But one thing I think we should be aware of as well is the fact that here in Alberta the comparison between input costs in agriculture and the net benefits of production - here we have the lowest input costs in the world. That of course gives us the greatest net income. I think that is very significant. I know that while farmers in Alberta have some apprehensions in this respect today, I find the attitude among the farming population still to be very very optimistic. I spoke to a farmer in the fall and said, well, how did you make out this year? He said, well I know one thing; I found it much easier to make all my payments this year, in 1974, than I ever did before. When on New Year's Eve I shook hands with one of my neighbor farmers and wished him a happy new year and a successful one, he said, well, if it is as good as it was in 1974 we really can't complain.

One of the new thrusts in agriculture of course has been in export. The export marketing agency has found markets for millions of dollars worth of agricultural products from this province. This, Mr. Speaker, I feel - and I know I share this feeling with other members of the government - is only the beginning. This is so because here in Alberta we can and we do produce food, and food is going to be needed in many parts of the world outside our boundaries always, in the future. That's the reason the export agency is going to continue to play a very very important role in the future of agriculture.

Farmers here in Alberta, Mr. Speaker, like farmers everywhere, want to do the best possible job of producing food and they want to get the best possible return for their efforts. Although national and international influences create difficulties for provinces, I'm sure this government will do everything possible within its power at all times to help farmers maintain an equitable balance between costs and income.

When we put it all together, Mr. Speaker, and we think about it, we have to recognize the fact that this ongoing, outstanding and increasingly vital and flexible role that the Province of Alberta has shown to the world in the field of agriculture is due to a man who has drawn recognition and respect not only here in Alberta, but in Canada and in international circles as well, the hon. Deputy Premier and Minister of Agriculture, Dr. Hugh Hornier.

Mr. Speaker, in the field of education, financing costs continue to be an increasing subject of concern throughout the passing years. Some of the escalation factors in this area are almost unbelievable. So, Mr. Speaker, I'm pleased to note that the Speech from the Throne indicates funds will be provided that will be of particular significance to low assessment areas in the province; also that special grants and aids will be forthcoming for areas of low enrolments and for small rural high schools. Within the constituency of Athabasca, Mr. Speaker, we have both the County of Athabasca and portions of the Westlock School Division which are faced with this type of financing problem. I'm sure it would not be out of order for me to state, Mr. Speaker, that I hope this type of assistance will move all such areas of Alberta into a more uniform equalization of funding throughout the province.

The Member for Edmonton Strathcona, Mr. Speaker, has spoken with considerable merit about the programs in recreation. He has put in his plug for the skating rinks. While I did not notice this specifically mentioned in the Throne Speech, I would like to suggest that maybe ski hills could be included in this type of project as well. The Tawatinaw Valley ski hill, Mr. Speaker, is a project that is worthy of this type of assistance.

AN HON. MEMBER:  
Snowjob.

MR. APPLEBY:

It takes people from - it's not in my constituency by the way. It's in the constituency represented by the hon. member, Mr. Topolnisky. But people from Athabasca, Westlock, St. Albert, Edmonton and all areas north and east of here make use of it so I think it could receive some consideration.

With respect to cultural activities, Mr. Speaker, there has been a severe handicap in many rural areas in developing programs in the performing arts. One of the reasons for

this is if you have a group of performing arts people in a rural community, if they have a major production they want to put on, they generally have to put it on in a school gymnasium which is cement block construction with inadequate lighting, inadequate seating, inadequate stage facilities. It does not create the right atmosphere for such a type of presentation. Therefore, I hope that perhaps in the future this type of program would provide for some small cultural development theatre centres throughout some of the areas of Alberta.

Mr. Speaker, the lumber industry in Alberta at the present time is suffering one of the worst recessions it has ever experienced.

AN HON. MEMBER:  
Blame Warrack.

AN HON. MEMBER:  
Speech.

MR. AEELEBY:

Prices for lumber and for wood products are low and production costs are high. This is a problem that exists throughout North America. It can be attributed to many causes such as high interest rates and the cost of other building materials used in construction. Many Alberta mills had, until recently, indicated they were not going to operate this winter because of this situation. However, when representatives of the industry met recently with some of the cabinet members, a plan was worked out whereby inventory financing would be supplied on an attractive basis through the facilities of the Alberta Opportunity Company to enable mill operations to continue. Royalty fees have also been set at a much lower level than they would be under the established formula, also to assist the lumber operators in the province of Alberta. These incentives will in fact be of considerable assistance to lumber operators and will create much more employment than was expected in the industry in the province this winter. I have to commend both the Minister of Lands and Forests and the Minister of Industry for bringing about this program. I think it is very useful.

Mr. Speaker, here in Alberta we have to look back for a period of time and think about responsible government and how it came about in Canada.

It was over 100 years ago that responsible government actually came to Canada, and it came about because the Whig majority in the government in Britain at that time sent out a governor general and told him to bring it into effect. It was a rather insignificant bill that he signed in 1849 called the rebellion losses bill that he did not agree with in principle but which he signed anyway, which gave government supremacy to Canada and at the same time made government, or parliament, in Canada responsible. This responsibility of people in government is something which, although it emanated from Westminster, has spread throughout the whole British Empire. It is the principle under which we as Canadians and we as Albertans govern today.

Here in Alberta we have not at any time seen any government that had a greater sense of responsibility than the Progressive Conservative government. Mr. Speaker, there has been the greatest effort toward communication with the people of this province that has ever been achieved before. Individual MLAs have been on constant move among their constituents, talking to people, groups and others and getting information, ideas and opinions to bring back as input into government. Various cabinet ministers have asked government MLAs to work in specialized areas to do the same sort of thing and bring information back to them.

Mr. Speaker, with the inspiration and the leadership shown by the Premier here in Alberta, even though the cabinet in trying to implement the pledges mentioned by my colleague a few minutes ago - 1971, two thirds or more of them have been put into effect - even with that heavy load, the Premier and the cabinet have found and taken the time to visit every part of this province in the last three and one-half years. As they did so, of course, they talked with people in towns, villages, hamlets and throughout the rural areas and in the farmlands as well, on a very personalized basis.

And so, as I remember the priorities established in the Throne Speech, Mr. Speaker, as I see the further new directions in which this government intends to move and as I review the last three and one-half years of responsible government here in Alberta - I say "responsible government", and I emphasize that fact - I think it's quite understandable that as I stand here this morning I say that I am very proud and very privileged to have been a member of this the 17th Legislature of Alberta as a member of the Lougheed team of the Progressive Conservative government.

MR. CLARK:  
Mr. Speaker, I beg leave to adjourn the debate.

MR. SPEAKER:  
May the hon. Leader of the Opposition adjourn the debate?

SOME HON. MEMBERS:  
Agreed.

MR. HYNDMAN:  
Mr. Speaker, I move the Assembly do now adjourn until Monday at 2:30 o'clock.

MR. SPEAKER:

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

HON. MEMBERS:

Agreed.

MR. SPEAKER:

The Assembly stands adjourned until Monday afternoon at 2:30.

[The House rose at 11:56 a.m.]