

LEGISLATIVE ASSEMBLY OF ALBERTA

Tuesday, January 28, 1975

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

PRAYERS

[Mr. Speaker in the Chair]

INTRODUCTION OF BILLS

Bill 7 The Health and Social Development Statutes Amendment Act, 1975

MR. YOUNG:

Mr. Speaker, I beg leave to introduce Bill No. 7, being The Health and Social Development Statutes Amendment Act, 1975. This act is an omnibus bill and will amend The Child Welfare Act, The Maintenance and Recovery Act, The Nursing Service Act and The Welfare Homes Act.

[Leave being granted, Bill 7 was introduced and read a first time.]

Bill 10 The Irrigation Amendment Act, 1975

DR. HORNER:

Mr. Speaker, I beg leave to introduce a bill, being Bill No. 10, The Irrigation Amendment Act, 1975. The primary purpose of this bill is to change the composition and concept of the irrigation council to one that is composed primarily, in the majority, of irrigation farmers.

[Leave being granted, Bill 10 was introduced and read a first time.]

Bill 12 The Department of Highways and Transport Amendment Act, 1975

MR. COPITHORNE:

Mr. Speaker, I beg leave to introduce Bill No. 12, The Department of Highways and Transport Amendment Act, 1975. This being a money bill, His Honour The Honourable the Lieutenant-Governor, having been informed of the contents of this bill, recommends the same to the Assembly.

Mr. Speaker, this bill deals with the stock advance fund and increases it from \$18 to \$30 million.

[Leave being granted, Bill 12 was introduced and read a first time.]

Bill 18 The Social Development Amendment Act, 1975

MR. McCRAE:

Mr. Speaker, I beg leave to introduce a bill, being The Social Development Amendment Act, 1975.

This bill, Mr. Speaker, will clarify the right of cabinet to establish maximum rates of social assistance, a duty that was previously performed by the director of social assistance.

It will also specifically provide cabinet with the authority to specify the amount of assistance which an applicant for welfare may own and still qualify for welfare. For instance, the previous individual limit of \$500 might now become \$1,000.

Thirdly, it will give effect to our arrangement with the federal government for setting family allowances for different age groups of children in the province, taking into account recent cost-of-living adjustments provided by the federal government.

[Leave being granted, Bill 18 was introduced and read a first time.]

MR. HYNDMAN:

Mr. Speaker, I move that Bill No. 7, The Health and Social Development Statutes Amendment Act, 1975 and Bill No. 18, The Social Development Amendment Act, 1975 be placed on the Order Paper under Government Bills and Orders.

[The motion was carried.]

#### Bill 201 The Orders and Regulations Ratification Act

MR. WILSON:

Mr. Speaker, I beg leave to introduce a bill, being Bill 201, The Orders and Regulations Ratification Act. This proposed legislation would obligate the Government House Leader to introduce within five days legislation to ratify an order in council requested by five members of the Legislature in a signed petition to the Assembly.

DR. BUCK:

It would sure be tough to get it operating.

[Leaving being granted, Bill 201 was introduced and read a first time.]

#### INTRODUCTION OF VISITORS

DR. PAPROSKI:

Mr. Speaker, I take pleasure in introducing some 45 to 50 students from the Northern Alberta Institute of Technology who are in the members gallery. They are accompanied by six special students from Zambia and of course by their instructors and teachers, Mr. McFarlane, Mr. Atwal, Mr. Belanger and Ms. Ramsell.

Mr. Speaker, I welcome them to the Legislative Assembly, congratulate them for taking an interest in the democratic process and hope that someday they, too, will seek elected office. I ask them now to rise and be recognized.

#### TABLING RETURNS AND REPORTS

MR. MINIELY:

Mr. Speaker, I'd like to table a further return required under The Government Emergency Guarantee Act.

DR. HORNER:

Mr. Speaker, I'd like to file with the Legislature the Public Land Grazing Use Survey in the Peace River district done by people in the area I recommend it to the members of the Legislature as an example of the kind of consulting work that can be done by local people. It's a most comprehensive and, I might say, responsible document and will be responded to by both my department and the Department of Lands and Forests in due course.

MR. FARRAN:

Mr. Speaker, I beg leave to table a report from the Energy Resources Conservation Board in the matter of approval of the construction and operation of an addition to the Sundance Power Plant.

## ORAL QUESTION PERIOD

## Syncrude - Government Meetings

MR. CLARK:

Mr. Speaker, I'd like to direct a question to the Minister of Federal and Intergovernmental Affairs and ask the minister if it is the intention of the Alberta government to take part in meetings between Syncrude and the federal government, which I understand are to be held later this week?

MR. GETTY:

No, Mr. Speaker, it is not.

## Syncrude - Deadline

MR. CLARK:

A supplementary question, Mr. Speaker, to the Minister of Federal and Intergovernmental Affairs. Has the Alberta government given a commitment or indication to the federal government or to Syncrude concerning the 60 to 90 day extension of the supposed deadline of the end of this month that they will shoulder a portion of the cost related to the Syncrude project during that 60 or 90 days?

MR. GETTY:

No, Mr. Speaker, we have not. I should point out, however, and it may have already been mentioned by the hon. Premier, that the government will be meeting with representatives of the Syncrude consortium on Thursday of this week.

## Syncrude - Alberta Option

MR. CLARK:

Further supplementary question, Mr. Speaker, to the Minister of Federal and Intergovernmental Affairs. Has the Alberta government given an indication or commitment, either to Syncrude or to the federal government, that the Alberta option, or the option on behalf of the people of Alberta, would in fact be picked up by the people of Alberta through the government - that's the option for the portion of the plant itself?

MR. GETTY:

No, Mr. Speaker, we have not.

MR. CLARK:

Supplementary. Have there been any discussions regarding that possibility between Alberta and the federal government or Alberta and Syncrude during the last two months?

MR. GETTY:

Mr. Speaker, the Alberta Energy Company option has been mentioned because of the fact that it is involved in the total Syncrude arrangement which the government was able to negotiate some 18 months or so ago. But, other than that, the government has taken the position that they are assembling the information that is necessary to make a judgment through the various studies that have been commissioned, and until that time we are unable to discuss any of the potential options we wish to keep open.

MR. CLARK:

A further supplementary question, Mr. Speaker, to the minister. Have there been discussions between the Government of Alberta and the chairman of the Alberta Energy Company regarding the possibility of that option becoming a commitment?

MR. GETTY:

No, Mr. Speaker, not to the best of my knowledge.

MR. CLARK:

Just one further supplementary, Mr. Speaker, to the minister. When the minister says not to the best of his knowledge, does that mean that he has not had those kinds of discussions or he knows of none of those discussions being held by any of his colleagues with the president of the Alberta Energy Company?

MR. GETTY:

Mr. Speaker, I know of no such discussions between the government and the president of the Alberta Energy Company.

MR. TAYLOR:

Supplementary, Mr. Speaker. Will the representatives of Atlantic Richfield be attending the meeting on Thursday?

MR. GETTY:

No, Mr. Speaker, not as of now.

MR. NCTLEY:

A question for clarification, Mr. Speaker, to either the Minister of Federal and Intergovernmental Affairs or the hon. Premier. Has any consideration been given at all to Alberta participation beyond the 20 per cent option that we presently have?

MR. LOUGHEED:

Mr. Speaker, I think as we said on Friday last the government is examining every option that may be available to it. We're closing no possible option. We're examining them all.

There is a multitude of ways in which the situation may ultimately be resolved. It will probably take some 60 to 90 days in order for the government to reach a decision and discuss the matter with the participants that are remaining, as well as other governments or other parties which may be interested. So I believe the only way I can answer that question is to say that we will keep open all our options as the discussions and negotiations ensue.

MR. SPEAKER:

The hon. Member for Cypress with a further supplementary, followed by the hon. Member for Calgary Millican. Then perhaps we might go on to the next question and come back to this one if there is time.

#### Syncrude - Costs and Estimates

MR. STROM:

To the Minister of Federal and Intergovernmental Affairs. Had any assessment been made of the costs at any stage in the development of Syncrude? What I have in mind is that I understood there were monthly reports made to the government. At any stage in the delivery of these reports, was an evaluation made by the government of costs up to that point?

MR. LOUGHEED:

Mr. Speaker, I believe I answered or attempted to answer either that question or a very similar one on Friday.

I think what we did say is that we were watching actual costs as they were incurred on a monthly basis as the information was provided to us by Syncrude. But in terms of revised estimates, the question of a revised estimate only arose in late April or early May of 1974; [it] was an unusual situation to occur but was happening in other multi-year large-scale projects. The Syncrude participants felt that a revised estimate in these circumstances should be considered - was put in motion with their consultants, and then in late September or early October the information was made available to the participants. At that time, I think it was probably at the November meeting if my memory serves me right, Mr. McFarlane, who was the government representative, was acquainted with the revised estimate.

MR. STROM:

Mr. Speaker, a further supplementary to the Premier. Do I understand him correctly to say that there were merely reports given to the government and no evaluation was made by the government of those costs at that particular time?

MR. LOUGHEED:

Mr. Speaker, the honorable member seems to be confusing costs and estimates. As far as costs incurred ...

MR. LUDWIG:

He has confused everybody.

MR. LOUGHEED:

Quite obviously with costs incurred, these costs are provided to government representatives on an ongoing basis once the meetings are in fact scheduled.

In the early period of operations of course, it was a matter of evaluating the costs in terms of the long-term planning. They were not particularly that relevant in terms of any decision the government might make, although they were discussed in a supplementary way at meetings between the ministers involved on an operational basis with the Syncrude participants. But they were quite different in terms of any revised estimate.

MR. STROM:

Mr. Speaker, a final supplementary. I'm not confusing costs and estimates. What I am trying to find out is whether any evaluation was made, either of costs or estimates, within any of the periods in which these figures were presented to the government.

MR. LOUGHEED:

Mr. Speaker, in terms of an evaluation of actual costs incurred, the government saw no necessity for an evaluation of those costs during the period of operations of the first year.

#### Syncrude - Tax Concessions

MR. DIXON:

Mr. Speaker, my supplementary question today could be to either the hon. the Premier or the hon. Minister of Federal and Intergovernmental Affairs.

As a follow-up to yesterday's meeting, Mr. Speaker, to the minister: are the federal and provincial governments giving active considerations to tax concessions to the remaining partners in the Syncrude consortium, in order that the project can go ahead if other financial assistance cannot be found in time to satisfy the other participants - I mean the remaining participants.

MR. GETTY:

Mr. Speaker, it has been pointed out several times today that the government is considering all options with regard to the future of the Syncrude project. However, the hon. member referred to the subject of tax concessions. The subject of tax concessions between the Government of Alberta and Syncrude has not been discussed because we have a royalty arrangement with them.

In terms of the tax arrangement that was established with the Syncrude group and the federal government, they have a commitment from the Minister of Finance, as has been explained in the House during the fall session, that that royalty arrangement between the Government of Alberta and the Syncrude consortium is a deductible royalty, as were all other oil royalties at that time, and will continue to be despite the most recent federal budget.

MR. DIXON:

A final supplemental question, Mr. Speaker, to the minister. Did the Hon. Mr. Macdonald give any indication as to when they are going to spell out their tax concessions to the Syncrude project? Apparently that's one of the reasons that the partners are having trouble to finance.

MR. GETTY:

Mr. Speaker, as I just mentioned, the company has not been requesting tax concessions. The matter discussed during the earlier portion of the Syncrude approval was to have the oil royalty arrangement, which the provincial government had struck with the Syncrude people, considered deductible before taxes, like any other oil royalty at the time, and the federal government approved it as such. That matter has been cleared up and a commitment has been made to the company.

MR. NOTLEY:

Mr. Speaker, a supplementary question for clarification to the hon. minister. Has the government given any consideration to the suggestion made by Mr. Armstrong of Imperial Oil that the royalties and taxes paid by the participating partners, as opposed to the Syncrude project itself, should be reconsidered and concessions given in lieu of direct investment by the government?

MR. GETTY:

Mr. Speaker, I couldn't talk for Mr. Armstrong of Imperial Oil on what discussions he may have had with the federal government. That's a federal matter which we have not been discussing with them.

MR. NOTLEY:

A supplementary question, Mr. Speaker. Has any consideration been given by the provincial government to readjusting the royalties for the three remaining partners in the Syncrude consortium?

MR. GETTY:

Mr. Speaker, the Premier has already answered the question that the member has just placed.

## CSA - Wage Negotiations

MR. CLARK:

Mr. Speaker, I'd like to ask a second question of the Minister of Manpower and Labour. At what stage are the negotiations between the Government of Alberta and the public service of Alberta regarding the new contract?

DR. HOHOL:

Mr. Speaker, for the information of the House, the negotiations began toward the end of September, early in October, and are in progress at the present time.

MR. CLARK:

A further supplementary, Mr. Speaker, to the Minister of Labour. At what stage are developments concerning the amalgamation of the three pieces of legislation the public service work under, and the request from the public service that these in fact be amalgamated into one piece of legislation?

DR. HOHOL:

My understanding of the request from the Civil Service Association of Alberta, Mr. Speaker, is somewhat different from that of the hon. House Leader. It is not necessary that they be amalgamated, but that certain objectives and objects of the association and certain ones of the government be so restructured and put together that they are brought into these times. This may mean one act, two acts or any number of acts, but it's the objectives and the statutes under which the employees work that affect them, rather than the specific concerned with one act.

MR. CLARK:

I'd like to follow that up with a further supplementary. At what stage then are the discussions regarding, to use your term, the restructuring?

DR. HOHOL:

Mr. Speaker, as recently as Friday of last week the president of the Civil Service Association and I spent an hour and a half on the matter, and informally have agreed to a proposal I made some time ago with respect to a task force. We are at this point drafting the frame of reference and the membership for such a task force. We'll exchange this kind of information with the Civil Service Association and should have the task force on line within a matter of days, at most two weeks.

MR. TAYLOR:

A supplementary to the hon. minister. Are the negotiating teams working on a percentage increase under which those who receive the greatest salary receive the greatest increase?

DR. HOHOL:

Mr. Speaker, in view of the fact that we haven't at this point received the financial or money request of the Civil Service Association of Alberta, it's possible for me to say that I simply don't know. Should we have that kind of information, then I would guess it would be privileged to the negotiating teams of the government and the Civil Service Association. It's important to note that at this point we're negotiating things like management-employee clauses that have to do with the relationships between the employees and the government.

## Deerfoot Trail

MR. HO LEM:

Mr. Speaker, my question today is directed to the hon. Minister of Highways and Transport on the subject of the Deerfoot Trail which is intended as a connector between No. 2 north and No. 2 south. Mr. Minister, the Deerfoot Trail is now dead-ended at 17th Avenue S.E. My question is: what does the minister intend to do to relieve the traffic congestion in that part of the city?

MR. COPITHORNE:

Mr. Speaker, the hon. Member for Calgary McCall should know that the road has to end some place at some time. Mr. Speaker, the road progressed to 17th Avenue last year. I would expect that in the next year or so it will be continuing on south, through and past the Fish Creek Provincial Park, tying up with No. 2 Highway in due course.

MR. CLARK:

A supplementary question, Mr. Speaker. Did the minister say "through" or "past" Fish Creek Park?

MR. COPITHORNE:

Mr. Speaker, I said through to Fish Creek and then past.

AN HON. MEMBER:  
No you didn't.

MR. HO LEM:  
A supplementary, Mr. Speaker. In view of the statement made recently by the hon. Premier which contradicts the city plan for this highway, can the minister tell us what route it will actually be taking?

MR. COPITHORNE:  
Mr. Speaker, that is being looked at now by a joint committee from the Department of Highways and the City of Calgary. After their recommendations come in, I presume it will have to be looked at even further by engineers to determine river crossings, soil conditions and so forth.

MR. HO LEM:  
A supplementary, Mr. Speaker. Mr. Minister, in your ...

MR. SPEAKER:  
Would the hon. member please address the Chair and avoid a certain reprehensible pronoun.

MR. HO LEM:  
Yes sir. Mr. Speaker, my supplementary question deals with the alternate course again.  
I'm asking the hon. minister if he has taken into consideration the concerns expressed regarding having the proposed route go eastward, east of 17th Avenue, which would necessitate two Bow River crossings and, of course, would cause inconvenience and cost. Would this be too prohibitive in the matter of cost as well as inconvenience?

MR. COPITHORNE:  
Mr. Speaker, we have taken those concerns into consideration and we have also taken the concerns of those people in Calgary, which are very considerable in number, who don't want a freeway through the park.

#### Fish Creek Provincial Park

MR. DIXON:  
Mr. Speaker, my question has to do with the Fish Creek Park in Calgary as well. I would like to ask the hon. minister, owing to the fact that we have so much money invested in this park, when will the public be able to use the park, especially the east side of the Macleod Trail as the first stage?

DR. WARRACK:  
Mr. Speaker, that is an excellent question.

AN HON. MEMBER:  
... an excellent answer.

DR. WARRACK:  
What we propose along the lines of the recommendations of the Fish Creek Advisory Committee, is that we take an approach of having an opportunity for the public to use the park, to the extent possible, during the time we are actually doing the development work on the park.

Part of the idea would be that we would be able to present to the public, possibly even by means of a conducted and/or interpretative tour of the park, the undertakings that we have in conformity with the concept plan that has been recommended to us.

Starting this summer, what we intend, Mr. Speaker, is to have as much as possible the opportunity for public use of the park at the same time that we will be working on the development of the park and, in fact, be able to integrate the two objectives.

MR. DIXON:  
A supplementary question, Mr. Speaker. I wish to thank the minister for the information regarding the east end of the park.

I have had some representation from landowners in the west part of the park who have never heard from the government other than the circular letter stating that their land was frozen and someone would be around to see them. I was wondering when the government will be interviewing some of those people personally to negotiate for their land, or at least tell them what their plans are for purchase?

DR. WARRACK:  
Yes, Mr. Speaker, I had answered the initial question for the east side of Macleod Trail because I believe it was framed that way.

With respect to the west side of Macleod Trail, this is the area [with] the opportunity for future development in the long-range planning park needs for Calgary and its visitors.

At the present time we are concentrating on the development east of the Macleod Trail but the situation as it stands for landowners on the west is this: the restricted development area provision applies, and with its application the government stands ready to make a fair and reasonable purchase acquisition from anyone who would like to sell. At the same time, we are not in any way pressing people to offer their land to us because we want to minimize any possible inconvenience that would be involved.

#### O'Chiese Indian Reserve Deaths

MR. BENOIT:

I address my question, Mr. Speaker, to the Solicitor General. I would ask whether the Solicitor General or the Attorney General intends to order an inquiry into the deaths of Elvis Bremner and Joe Crooked Legs?

MISS HUNLEY:

That would be a question which should be directed to the Attorney General, Mr. Speaker.

MR. LEITCH:

Mr. Speaker, I'm not familiar with the incident that gave rise to the use of the two names by the hon. member. If perhaps he could comment on the incident, I may be able to answer him.

MR. BENOIT:

Mr. Speaker, if I may, the two gentlemen apparently died as a result of drinking some kind of intoxicating liquid. It was reported to the police that they had been drinking it and they put them in jail instead of putting them in the hospital. That's the reason I was wondering if there was going to be an inquiry.

MR. LEITCH:

Mr. Speaker, I'd have to take that question as notice and make some inquiries and endeavor to answer the hon. member on another day.

#### Suffield Block - Gas Evaluation

MR. WYSE:

My question, Mr. Speaker, is to the Minister of Mines and Minerals regarding the Suffield gas evaluation program. Could the minister inform the House of the final evaluation of the test wells and the estimated amount of gas we have in the block?

MR. DICKIE:

Yes, Mr. Speaker, we did receive a final report from the Suffield Evaluation Committee. That was made public, I think, about two months ago. You are testing my memory now, but my recollection was - you will recall in the original report, the estimates were some four trillion cubic feet of gas; the report came in at 2.7 trillion.

MR. WYSE:

A supplementary question then, Mr. Speaker. In view of the results, down about one-third of the original estimate, is the government planning any further development in the block?

MR. DICKIE:

Mr. Speaker, the department at the present time is preparing the necessary documentation with a view to transferring the reserves to the Alberta Energy Company. In the future, development of the Suffield Block will be by the Alberta Energy Company.

#### Suffield Block - Transfer of Assets

MR. WYSE:

A supplementary question then to the Minister of Federal and Intergovernmental Affairs. When will the Suffield assets be transferred to the Alberta Energy Company? It was supposed to have originally taken place last July.

MR. GETTY:

Mr. Speaker, the matter has to be evaluated by the energy company, and then negotiations between the government and the energy company to determine that a fair, an



equitable, arrangement is established, so both parties can be convinced that the transfer is being made on a fair basis.

MR. WYSE:

A supplementary question then, Mr. Speaker, to the minister. At what stages are negotiations between the provincial and federal government regarding the transfer of the Suffield Block from the federal government back to the provincial government?

MR. GETTY:

Mr. Speaker, I assume the hon. member is referring to the total transfer of the surface rights of the Suffield Block. That matter is being pursued - not on a high-priority basis at this time.

MR. WYSE:

A supplementary question then, Mr. Speaker, to the minister. When will the shares in the Alberta Energy Company be made available to the public in Alberta?

MR. GETTY:

Mr. Speaker, essentially that will be a judgment that the board of directors of the Alberta Energy Company will have to make. But I would imagine it would be as soon as they felt it would be a good business move to do so.

DR. BUCK:

A supplementary to the hon. Minister of Mines and Minerals. Mr. Speaker, I'd like to know if the minister can indicate if the government has considered retaining the gas in the Suffield field just for Albertans, or will it be used as another gas field and sold?

MR. DICKIE:

Mr. Speaker, that question has been considered. In the preliminary negotiations, where the natural gas reserves will be transferred to the energy company, I think the present situation is that that decision will be left with the Alberta Energy Company.

#### PWA Operation

MR. NCTLEY:

Mr. Speaker, I'd like to direct a question to the hon. Minister of Federal and Intergovernmental Affairs and ask him whether he can inform the House what the latest position is with respect to the CTC concerning the acquisition by the Alberta Government of PWA. Will there be formal hearings?

MR. GETTY:

Mr. Speaker, I guess that's something the hon. member would have to ask the CTC. The government's position is that one is not necessary.

MR. NCTLEY:

Mr. Speaker, a supplementary question. Has the hon. minister received any information from federal officials on this matter since the fall sitting of the legislature?

MR. GETTY:

I have not, Mr. Speaker. My colleague, the hon. Minister of Industry and Commerce responsible for transportation matters, may have, but we will have to wait until he returns to the House. As for our department, we have not.

MR. NCTLEY:

A further supplementary question, Mr. Speaker. Can the minister advise the Assembly whether it is true that PWA plans to purchase three additional Boeing 737's?

MR. GETTY:

That would have to be directed to PWA, Mr. Speaker.

SOME HON. MEMBERS:

Oh, ch!

MR. NCTLEY:

Mr. Speaker, a further supplementary question. Has the minister been informed or has he held discussions with PWA concerning the acquisition of three additional 737's by our Crown corporation?

MR. GETTY:

No, Mr. Speaker, I've not done so. I should remind the hon. member that the government's relationship with PWA is that the company continue to operate as it has in the past but that the responsibility for it, within the Executive Council, does lie with the Minister of Industry and Commerce.

MR. LUDWIG:

A supplementary, Mr. Speaker. If the company is going to operate as it has in the past, what was the purpose of buying it?

MR. SPEAKER:

Order please.

#### Range Improvement Program

MR. PURDY:

Mr. Speaker, I'd like to direct a question to the Minister of Agriculture. I've had a number of inquiries from constituents in regard to the Range Improvement Program. They have been billed for interest and I was under the impression that the program was interest-free. What is the status of the program?

DR. HORNER:

Mr. Speaker, under the Range Improvement Program the various farmers who are involved in it, to get a rebate of their interest, have to have the approval of the district agriculturist in the area that in fact the range improvement has been undertaken. So those farmers who have been billed should be seeing their district agriculturists, making application for their interest rebate directly through them.

#### Class 1 Driver Tests

MR. DRAIN:

Mr. Speaker, this question is to the Minister of Highways and Transport. Has the minister received any submissions objecting to driver tests by Class 1 drivers?

MR. COPITHORNE:

Mr. Speaker, we have received no submissions as such, other than from individuals who have not been successful in getting a driver 1 classification.

MR. DRAIN:

Supplementary, Mr. Speaker. Do the minister's remarks indicate that there has been quite a number of failures among the Class 1 drivers?

MR. COPITHORNE:

Mr. Speaker, no - no more than normal.

MR. DRAIN:

Supplementary, Mr. Speaker. Is any consideration being given by the Highway Traffic Board to supplying the testing vehicles, having regard to the amount of expense that the Class 1 drivers have to undergo?

MR. COPITHORNE:

Mr. Speaker, this has been taken under consideration. However, we feel that with the training that is going on at NAIT and SAIT and in different spots in Alberta and also by the AMTA, there are ample areas for the drivers of Class 1 to be licensed.

MR. DRAIN:

Mr. Speaker, supplementary to the hon. minister. Is the hon. minister suggesting that Class 1 drivers who have been driving for 20 years pick up their school books and go back to school?

AN HON. MEMBER:

Getting older, Charlie.

DR. EUCK:

Supplementary to the minister. Mr. Speaker, I would like to ask the minister - it's a question related to this about the classification of drivers. Is the Department of Highways, Mr. Speaker, considering upgrading the qualifications for people who are driving larger and larger mobile homes?

MR. COPITHORNE:

Mr. Speaker, we are looking all the time at methods to upgrade the ability of drivers and driving on the highways. This item is certainly under consideration. However, we are at this time monitoring the number of accidents caused by people using such facilities. We are also concerned in the mechanics in which the facilities are being moved on the highway.

DR. EUCK:

Mr. Speaker, I'd like to thank the minister for his non-answer.

## U of C - New Faculties

MR. LUDWIG:

Mr. Speaker, my question is to the hon. Minister of Advanced Education. Has he had any discussion or communication with the University of Calgary, its officials or the Senate with reference to the establishment of additional faculties at the University of Calgary?

MR. FOSTER:

I think, Mr. Speaker, that the University of Calgary did inquire on the subject of a faculty of dentistry, and perhaps one other but it doesn't come to mind. I can check if you like.

MR. LUDWIG:

Would the hon. minister ... [inaudible] ... initiative in the establishment of new faculties at the University of Calgary?

AN HON. MEMBER:

No.

MR. FOSTER:

Yes, Mr. Speaker. We have announced the faculty of law which will be opening in the fall of 1976.

MR. LUDWIG:

I thought that was my initiative.

A supplementary to the hon. minister, Mr. Foster. Perhaps a question to the hon. Premier. Has he given consideration to abandoning this portfolio after the next election?

MR. SPEAKER:

Order, please. The hon. Member for Little Bow followed by the hon. Member for Wainwright.

MR. LUDWIG:

Mr. Speaker, I'd like to repeat that question. I think it's a legitimate question.

MR. SPEAKER:

Order please. The hon. member has sufficient experience in the House to know that deliberations which may be within the cabinet or confined to the mind of a minister or a premier are not subjects for the question period.

MR. LUDWIG:

With respect to the Chair, that is an absolutely proper question, Mr. Speaker.

MR. SPEAKER:

The hon. Member for St. Paul with a supplementary.

## Red Deer - Advanced Education

MR. FLUKER:

I wonder if there's any truth in it, Mr. Speaker, that they're thinking about putting a faculty of law in the University of Red Deer? I would just like to ask the minister if ...

MR. CLARK:

We have to have the university first.

AN HON. MEMBER:

Do you want to answer that?

AN HON. MEMBER:

Would you like to answer that? Come on, come on.

## RCMP - Accident Reports

MR. R. SPEAKER:

Mr. Speaker, my question is to the Solicitor General. Does the RCMP report all accident locations to the Department of Highways?

MISS HUNLEY:

Mr. Speaker, I don't have that information but I'll be pleased to inquire and advise the hon. member.

#### Government Aircraft Use

MR. RUSTE:

Mr. Speaker, my question is directed to the Minister of Lands and Forests. Is it the intention of the government to file manifests covering the use of Lands and Forests helicopters by cabinet ministers and senior civil servants, as was done in filing the information on Friday covering the King Air and the Queen Air?

DR. WARRACK:

Mr. Speaker, the answer is yes. I can't give the member a date as of this time but I'll certainly check into it.

MR. RUSTE:

A supplementary. About how long will it be before you get that? Have you any idea at all?

DR. WARRACK:

I thought I just answered that.

#### Red Deer - Advanced Education (continued)

MR. DIXON:

Mr. Speaker, I would like to ask a question of the hon. Premier regarding an election promise of a university in Red Deer. Have those plans been shelved and the minister's a consolation prize for Red Deer?

MR. LOUGHEED:

Speaking of consolation prizes ...

Mr. Speaker, like all the pledges made by our government in the election campaign of August 1971 there has been a remarkable string of accomplishments of which, in due course, those on the other side will have an opportunity to hear about.

SOME HON. MEMBERS:

Oh, ch!

MR. LUDWIG:

Would the hon. Premier also like to comment on the remarkable string of non-accomplishments?

AN HON. MEMBER:

Equal time.

AN HON. MEMBER:

On that side ... non-accomplishments - 28 of them.

#### Milk Subsidy

MR. WYSE:

My question, Mr. Speaker, is to the hon. Minister of Consumer Affairs. With the recent increase in the price of milk, 2 cents last week, and the price of butter, 5 cents yesterday ...

[Interjections]

... and the difficulty of some of the families in the province providing this for their children, and I think the Government of Alberta must take some of the blame for this, is the government considering subsidizing milk in the province?

MR. DOWLING:

Not this government, Mr. Speaker.

#### Seat Belt Legislation

MR. SORENSON:

My question is to the hon. Minister of Highways. Is your government considering

compulsory seat belt legislation?

MR. COPITHORNE:

Mr. Speaker, this has been under consideration for some time. It was discussed at the western ministers' conference last fall and was also discussed at the national ministers' conference in Toronto last fall, so it's under consideration.

MR. SORENSON:

Supplementary. In the meantime are you considering ...

MR. SPEAKER:

Would the hon. member please address the Chair. The use of another member's name, or to address him directly, is considered in most legislatures to be a fairly serious breach of decorum.

MR. SORENSON:

Thank you, Mr. Speaker. A supplementary to the Minister of Highways and Transport. Is the hon. minister considering a government seat belt promotion campaign in the meantime?

MR. COPITHORNE:

Well, Mr. Speaker, from time to time we do engage in safety advertisement practices and that could well be one.

#### Freehold Mineral Taxation

MR. WILSON:

Mr. Speaker, I'd like to direct a question to the hon. Minister of Mines and Minerals. Could the hon. minister advise if the government has received any submissions or comments on their freehold mineral taxation since increasing the 1974 tax by approximately 100 per cent over 1973?

MR. DICKIE:

Mr. Speaker, the mill rate was set in December at 16 mills and the comments we've received from industry have been very few. We haven't received adverse comments such as the statement indicated by the hon. member.

MR. WILSON:

Supplementary, Mr. Speaker, to the hon. minister. Is there any relationship intended between the services rendered and the tax dollars collected?

MR. DICKIE:

Mr. Speaker, the question of the philosophy behind The Mineral Taxation Act was discussed at great length and there was a submission that we look at the cost of service for the particular item of The Mineral Taxation Act; however that was rejected and the cabinet decided the best approach to follow was to take a share of cost of government service. As a result of the joint approach by myself and the Provincial Treasurer, we arrived at an amount. That was how the mill rate was fixed at 16 mills.

MR. WILSON:

Supplementary, Mr. Speaker. Will the 1975 freehold mineral taxation mill rate be set before December, and if so would the minister indicate which month?

MR. DICKIE:

Mr. Speaker, I think it's a little premature to say at this time. As the hon. member is aware, there is a procedure in the Act for assessments; there are appeals after the assessment rolls are set, and then it's up to the cabinet to review those and to set the mill rate.

MR. WILSON:

Supplementary, Mr. Speaker, for clarification. Would the hon. minister advise if there will be a general re-assessment in 1975, as was done in 1974?

MR. DICKIE:

Mr. Speaker, all the various properties will be assessed and I think it's unfair to say an overall general re-assessment. Each of the properties will be reviewed and assessed. The appeal procedures will be followed accordingly, the assessment rolls determined and thereafter the mill rate struck. That's the general procedure.

DR. BUCK:

Supplementary to the hon. minister, Mr. Speaker, and I would just like a little weeway, leeway to ... a wee leeway ...

[Laughter]

DR. BUCK:

That's a wee leeway! ... to indicate to the members of the House some of the problems that are involved.

I would just like to know if the hon. minister would consider if the utility company, or the people who are using the natural resource, would pay the entire tax and then bill the freehold owner? Because in one instance this widow had to pay the \$8,000 and then she has to wait for her \$7,000 from the utility company. Would the government consider making the utility pay and then the freeholder pay her proportionate share?

MR. DICKIE:

Some of the concerns, Mr. Speaker, that have been expressed by some of the smaller freeholders in respect to their problems have been considered in detail by the department. One of them of course was that we increased the exemption to some \$50,000.

Another one which the hon. member raises is how we can render the bills. That gets into the question of legal problem and [who] is the legal owner of it. To follow the procedure the hon. member suggests would jeopardize the position of the act. Although it has been considered, it was found at this time we would be unable to change that procedure without making sure the act is one which is enforceable.

DR. BUCK:

Supplementary to the hon. minister. Could there be some way that legislation could be laid down - that the utility must pay the freeholder the share within a set limit of time, because in some instances it goes on for 6 or 8 months and the person doesn't get his reimbursement.

MR. DICKIE:

Mr. Speaker, in reviewing that problem, I think the difficulty is that that really involves an agreement between the lessor and the lessee and the question of what the arrangements are. And of course the government hasn't been involved in those types of negotiations. I think it would be wrong at this stage if the government came in with some type of order that would try to place a time limit as to when that payment might be made.

MR. WILSON:

Could the hon. minister advise if he has been successful in getting the federal government to regard the freehold mineral tax as a deductible item for income tax purposes?

MR. DICKIE:

Mr. Speaker, the Provincial Treasurer would like to deal with that question.

MR. MINIELY:

Mr. Speaker, I have had some discussions with my department and they in turn have of course had some with the federal government. But I would have to check what the final disposition of the deductibility of that is. Some time ago it was not totally clear. I can check on that and report back to the House.

#### Bayview Air Service

MR. RUSTE:

Mr. Speaker, my question is to the Minister of Federal and Intergovernmental Affairs. Was any representation made to government by Bayview Air Service Ltd. before cancellation of a five-day-a-week service from Edmonton to Fort McMurray?

MR. GETTY:

Mr. Speaker, that is a matter which would normally fall within the responsibility of the Minister of Industry and Commerce, who handles transportation matters. I would be happy to take it under advisement and report the question to him. Perhaps he could answer the hon. member when he returns to the House.

#### Syncrude - Royalty Rates

MR. NOTLEY:

Mr. Speaker, I would like to direct a question for clarification to the hon. Minister of Federal and Intergovernmental Affairs. With your permission, just by way of explanation, this concerns the question relating to differential royalty rates for the Syncrude partners. The minister's answer, as I recall, was that the Premier had already answered that.

My question to the minister for clarification; does that mean that this matter is currently under study as one of the options that the Alberta government is considering?

MR. GETTY:

Mr. Speaker, I think, to make it clear, the Premier mentioned that the government was going to obtain the information it had sent its task force to accumulate, to assess all the matters and then determine what would be the best way to solve the problems facing the Syncrude consortium. In doing that the government would keep all its options open.

Suffield Block - Gas Evaluation (continued)

MR. DICKIE:

Mr. Speaker, I'm wondering if I could clarify a point for the House. A question was asked about the Suffield gas reserves. I now have the report and I can give the exact figures if the hon. members are interested.

The 1972 forecast was 4,092 billion cubic feet and the 1974 estimate was 2,724.55 billion cubic feet.

ORDERS OF THE DAY

MOTIONS FOR RETURNS

100. Mr. Notley proposed the following motion to the Assembly:

That an order of the Assembly do issue for a return showing:

1. Copies of any studies completed by the Government of Alberta, its agencies or the Commissioner of Northeastern Alberta concerning infrastructure costs incurred by the province as a consequence of the Syncrude project.
2. A breakdown by department of additional or speeded-up expenditure as a consequence of the Syncrude project.

MR. DICKIE:

... [Inaudible] ... to that motion. However it should draw to the hon. member's attention that there is a request for a breakdown of the information and it is anticipated on a preliminary examination that that may take some time.

[The motion was carried]

MOTIONS OTHER THAN GOVERNMENT MOTIONS

1. Mr. Wilson proposed the following motion to the Assembly:

Be it resolved that the Syncrude Canada Ltd. project be referred to the Public Affairs Committee of this Legislature and that the committee inquire into all aspects of the project to determine facts and assess all proposals for satisfactory resolution of the problems that exist.

MR. WILSON:

Mr. Speaker, in moving Motion No. 1 my approach will be on the basis that the Syncrude Canada Ltd. project must go ahead. There are many reasons for this, Mr. Speaker. I hope to cover a few points, and hopefully my colleagues will have an opportunity to cover some of the other points.

The current troubles on the Syncrude Canada project are unique and special. Perhaps we should say that some of these troubles and problems are caused by both federal and provincial government, and inflation. Because of the unique and special problems I feel the solutions will have to be unique and special in the approach to them.

I feel the Alberta government must take the lead in attempting to solve the problems because, Mr. Speaker, both the federal and provincial governments are involved in part of the problem, and the total solution is cut of the hands of Syncrude and the private sector. Clearly the Alberta government should be assuming the role of leader and catalyst in the hunt for the required new partners or equity investors. The Alberta government should act as the promoter, if you like, to encourage the investors for the required 50 per cent that is outstanding at this time.

Now by calling for a meeting of the Public Affairs Committee of this Legislature, we would have a discussion in public. We would anticipate that Syncrude, both the federal and provincial regulating bodies, the private sector and the representatives of the federal government would all participate and explain their positions. We would find the real story [of] the current Syncrude dilemma.

We would anticipate that many of the facts from the assessment and evaluations which are currently under way would be made public. This Legislature, Mr. Speaker, would then have a chance to assess the mood of Albertans and Canadians in resolving the unique problem and the unique solutions that may be required to resolve it.

We would hope to find out why the costs escalated so rapidly, and why the Alberta government was not aware of it as it was happening. We would hope to find out what is required from the existing participants, and how much time they could wait to find new participants. We would hope to find out what is required from the federal government. We would hope to see produced in writing their verbal commitment that the price of the crude would be allowed to escalate to the Montreal or world prices. We would also find out what is required from the provincial government to make the project proceed.

Also, Mr. Speaker, we feel that this approach would clear up the plethora of misinformation which seems to be running with great regularity these days on the problem. This is no time for the provincial government to be getting even with Ottawa, or Ottawa trying to milk the project. Rather this is the time to resolve the problems and promote the solutions.

Mr. Speaker, to try to impress upon all hon. members the importance of this project, I would like to quote the Hon. Premier Lougheed from a speech he made on September 18, 1973, when he originally announced the Syncrude project:

What's the effect if Syncrude doesn't proceed? Not only are there the lost jobs, but oil sands development might be set back permanently, because there are alternatives - the Colorado oil shales, nuclear energy - and of course Canadian crude oil backup supply would be weakened considerably.

So we have the words of the hon. Premier when he originally announced the project, Mr. Speaker. Certainly now is the time for the Alberta government to explore equity investment by not only Canadian governments but [also] the Canadian provincial governments perhaps and Canadian federal government, by Canadian companies and perhaps even foreign governments and foreign companies.

Obviously the federal government is interested in seeing that this project should proceed, and so they should be. We need to get their commitment on what they are prepared to do both investment-wise and tax-wise.

Mr. Speaker, the Alberta government must assure the continuation of the project during the 60 to 90-day time limit that was announced yesterday, which is required to sufficiently study the assessments and to attract other investors.

Also, Mr. Speaker, the Alberta government must restore investor confidence in Alberta. The federal and the Alberta governments must assure investors that they will be permitted the profits necessary to justify their entry into the project with long-term risk capital. Both the federal and provincial governments' commitments must be of a long-term nature. Mr. Speaker, I suggest that both governments would do well to start with restoration of sanctity of contract.

The way it is now, as a last resort the private sector investors seem to be requiring a healthy government equity position to assure that they won't be expropriated by taxation down the road, or else they require a long-term ironclad government commitment on taxation. Yes, the Lougheed government must establish a climate that will instill economic stability and confidence for equity risk capital in Alberta.

If this project does not proceed now, alternate energy sources will be more costly in terms of dollars, ecology, environment, inflation and general hardship, more so than is readily apparent at this time. Further, if this Syncrude project fails, investor confidence in Alberta will hit rock bottom. The recovery period will be long and painful.

On the brighter side, however, if the Alberta government gets busy and makes this project go and acts as a leader in making it go, it will be an incentive for new Alberta secondary industry. It will be an incentive for existing Alberta secondary industry. It will prevent a brain drain of Alberta engineers, technicians and other professionals, and it will be a great hedge against a major recession or depression for not only Alberta but Canada.

Yes, through Syncrude, Alberta's horizons of the future have looked extremely promising. Without it the future will look bleak. The actual jobs created on the site are only the tip of the iceberg. The spin-off benefits are now being felt all over Alberta all the way from the corner grocery to the minister's collection plate on Sunday.

In 1973, after Premier Lougheed announced that an agreement had been reached with Syncrude, a public opinion poll indicated support for the Syncrude project by 84 per cent of Albertans. If the project fails now, more than 84 per cent of Albertans will feel the loss one way or another.

Mr. Speaker, I would like to refer briefly to some information the Alberta Chamber of Commerce has regarding Alberta firms participating in the Syncrude project. For example, there are 12 Alberta consultant and engineering firms currently at work on \$25 million worth of consulting assignments with approximately \$12 million of that committed to date. Also, Mr. Speaker, there are 45 Alberta subcontractors with approximately \$124 million in current value of work under way on the Syncrude project. These subcontractors are not all



located in Fort McMurray. We find that these subcontractors are located all the way from the site to southern Alberta.

For example, ATCO Industries from Calgary are doing the camp facilities and buildings. Currently they have a camp on site that will accommodate 1,600 men. If this project goes ahead as planned, that camp would be expanded to accommodate 4,000 people. That is providing employment to many people in Calgary, preparing the buildings for that camp and the amenities that go with it.

We find Dominion Bridge in Calgary, for example, supplying the structural steel. Another company from Calgary, Hi-Rate Drilling, is doing some drilling work in regard to this project. We have Prebuilt Industries from Calgary doing the field office and kitchen equipment. We have C. S. Peedon from Calgary doing the garbage disposal contract on this site. We have many other examples, Mr. Speaker, in these 45 Alberta subcontractors currently doing \$124 million worth of work that would put a lot of people on the unemployed lines if this project is allowed to fail.

Further, Mr. Speaker, there are 44 Alberta manufacturers and suppliers who are currently producing and delivering materials for this job. Why, we even find that Clarke Dresser Co. from Lethbridge is supplying materials for the job. We have Armco from Redwater and we have the Hensa Iron Works from Ellerslie. Then we have many companies from the major centres of Calgary and Edmonton of course involved as well. So the effect of the Syncrude project is being felt in a beneficial way at this time throughout Alberta.

Some of these firms, the smaller firms, have 100 per cent of their employees involved on the project. Some of the larger firms have as high as 90 per cent of their employees working on the Syncrude project. If the project fails, the repercussions will be felt in increased social assistance rolls and in fact throughout the majority of Alberta government departments.

Mr. Speaker, just last weekend, I was talking to a welder in Calgary who was welding some stainless steel parts for the Syncrude project - speaking very proudly of the job he had and the contribution he was making. But I can assure you [he was] most concerned about his future. That sort of incident is being repeated throughout the province of Alberta and even beyond.

So from a humanitarian concern alone we have an obligation to do all that is possible to make a last-ditch effort to save the Syncrude project. After all, the government has a moral and political obligation to those citizens, workers and their families who have changed their jobs and changed their life styles and changed the location of their homes on the government's encouragement and endorsement.

Of the total construction cost of the project, approximately \$1 billion will be spent and [will] stay in Alberta for goods and services rendered within Alberta, on wages, materials, services, supplies and things of this nature. The immediate dollar effect will be great. But the long-term psychological effect will be even greater if this project is allowed to die. If it goes ahead, on the other hand, Alberta will be able to export oil sands technology and other related technology to other countries. The ripple effect will extend beyond Alberta's borders. The project must go ahead, otherwise planned investment, expansion and expenditure in other industries will also be affected within Alberta.

Syncrude has been the glamor project in Alberta. It is a major magnet of reader and investor interest around the world. Publications in many foreign languages have carried the Syncrude story. The tar sands today are regarded as the great white hope of the future. If Syncrude fails, the repercussions will be felt around the world. Can Syncrude on its own wait out a 60- or a 90-day decision time? If not, the Alberta government must assume and promote a joint agreement with the federal government to issue a joint venture letter of intent which would include a commitment to find the required equity investors during this period and/or a commitment to adjust royalty and tax rates to generate the required capital from cash flow of the existing companies, all of which could be backed by a commitment to participate on an ongoing daily basis on the expenses to the extent of, say, 25 per cent by the joint-venture governments during the 60- to 90-day assessment and investment period.

Mr. Speaker, Albertans and Canadians would endorse and encourage a last-ditch stand to save the Syncrude project. I for one wish the government well in their deliberations and negotiations.

MR. HENDERSON:

Mr. Speaker, I'm amazed that everybody isn't jumping to their feet to get into this debate, if the subject is as important as the mover of the motion would lead us to believe. I'm somewhat surprised at the lack of response and the lack of competition to claim the floor.

I didn't hear all the hon. member's presentation, Mr. Speaker, but on reading the motion and reflecting on what I consider to be a few facts of the matter, I really fail to see whether a committee of the type proposed would really be of any practical value in resolution of the difficulties in this particular matter. In my mind there are two or three main issues or factors involved, most of which I don't think the Province of Alberta, the Government of Alberta, has any degree of control over. They certainly have some minor control over [them]. The inflation costs that Syncrude is experiencing I don't think are anything unusual. One only has to listen to the wails, cries and tears coming out of Montreal over the tremendous inflation of costs in trying to prepare for the Olympic games. They've run into the same difficulties - inflation.

You've probably read in the paper recently where the British have had to abandon their agreement with France to build the English Channel tunnel crossing for exactly the same

reason. I think one has to be extremely naive to believe there is something unusual or underhanded or sinister about the proposition that the costs of this particular project have been estimated to have doubled in such a short time, because major undertakings of this nature that have been contemplated elsewhere, not only in this country but around the world, are suffering the same fate.

Obviously anybody with any concern about where he is going to invest his money wouldn't charge foolishly ahead without some reasonable assurance that he's going to be able to finish the project and hopefully recover some of his investment. Not only is Montreal having trouble with the Olympic Games, but the Province of Quebec is facing the same problem with the James Bay hydro project. It is a fact of life that any major undertaking that is being contemplated today - or minor for that matter - faces the same problems.

I don't think a legislative committee is particularly going to shed any light on this issue. I doubt very much, knowing politicians and having had some association with them for years, that they would have the intestinal fortitude to stand up and say what probably should be done about some of the inflationary problems either. I don't think we need a committee to arrive at some clearly logical conclusions on that one which nobody wants to talk about.

People are simply demanding too much money in the form of wages that they haven't earned in the form of productivity. It's as simple as that. The country faces increasing disaster until this problem [is] recognized and, I think, the leaders of the country conjure up the intestinal fortitude to face the facts and do something about it, as well as the labor leaders who, I think, are largely interested in protecting their own particular interest as opposed to being concerned about the welfare of the country in all too many cases.

I think what the oil industry is saying very simply, Mr. Speaker, is that they have insufficient cash flow in light of the present circumstances; the tremendous inflation of cost, the reduced cash flows which new tax policies, particularly at the federal government level, have produced. The way I read the industry - and I think one would have to be rather foolish not to take it seriously - that is what the message is. In the final analysis, the cash flow that the industry is going to enjoy is determined by the federal government. They've already determined they are to be taxed on revenues that they don't receive as a result of provincial royalty deductions.

So I don't think a legislative committee studying Syncrude costs is going to have much impact on the federal government. They view the extremities of Canada, east and west, as colonies. The federal government has a colonial policy. We happen to live in a dominion that has colonial status. That means we are the colonies and Central Canada has the status.

The simple fact of the matter is that the industries, I come back to again, are saying that they do not have the cash flow to carry out the Syncrude project. I think one has to couple it with the other plans industry is looking at for development, particularly with Mackenzie Delta Gas. In this regard, once again the federal government is a key factor.

The federal government very clearly has a direct conflict of interest, being the royalty owner, the owner of the mineral resources, in the Mackenzie Delta. So industry is in the position in the Mackenzie Delta that if they spend their money there, they don't have to worry about being caught between two governments and worry about double taxation. The federal government can put no royalty on the production of Mackenzie gas so the industry has only one government to deal with.

Quite frankly, if I were sitting in the industry and investing money of the magnitude in question, I would be forced to take these factors into account. The federal governments know in the final analysis that the federal government has the powers on top of their conflict of interest in this issue and I think their conflict of interest in this issue probably encourages the federal government to opt naturally in favor of the Mackenzie Delta gas development.

So as I see the situation, this is what the question really boils down to: which is the federal government going to opt for. I think the facts of the matter, with the federal government owning the Mackenzie Delta gas resources, it should be pretty clear that the temptations are certainly there to opt for Mackenzie Delta gas development as opposed to tar sands development. They're looking also, undoubtedly - and while at times I'm not too sure of this, surely they must realize that both developments are for the benefit primarily of the people of Central Canada. There is no doubt about it. We are not going to suffer from a lack of energy resources in the West if the Syncrude project doesn't go ahead.

So I think those who are advocating that the provincial government should take some drastic action to bail out the Syncrude project, even if I favored it personally in principle, I think it would be an extremely foolish thing just to urge in those simple terms. The basic factors involved are not under the control of the provincial government; the inflation of costs, nor the basic supply of cash flow involved, nor the control over the terms that would encourage or discourage investment in the tar sands as opposed to arctic gas. So the federal government, in the final analysis, is going to make the decisions as to which goes ahead.

I don't know any more about the issue than I read in the paper, but I think the facts I glean from the news media pretty well bring this issue to the fore. Certainly while no one in the province of Alberta, I think, who is concerned about the employment opportunities and so on would consciously wish the Syncrude project to go down the drain, I have to say frankly what I have been saying publicly ever since the federal budget

proposal came down last May, that in my mind it was a foregone conclusion that the Syncrude project would probably go on the rocks.

I simply couldn't see anybody continuing to spend money in the magnitude the project represents without some insurance of getting their money back. To do so, from the standpoint of an investor, would be complete mismanagement of the funds the particular firms are responsible for. One couldn't arrive at any other conclusion. I've been amazed that Syncrude has proceeded as far as they have to continue with the project. I think they've been proceeding on faith. They haven't been proceeding on any real encouragement from the federal government that there is going to be an element of insanity injected into some sort of national oil policy which has yet to materialize.

So I would suggest to the members of the House if they want to look back since last May, that the decision the principals in Syncrude are now faced with has been not abundantly clear, but it's becoming increasingly clear as time progresses that this is the decision they're going to be forced to make.

I suggest once again that a legislative committee, in all seriousness, is not going to shed much light on it. You've got to accept the fact that the federal government is in the driver's seat. It's in a conflict of interest position itself because they own the Mackenzie gas mineral resources. The industry is in the position that they don't have to face the issue on production from those resources of having to pay taxes on royalties that have been paid to provinces - in other words, pay taxes on revenues they don't enjoy, because the federal government is in the position to say no royalties and take it all in taxes anyhow.

So I think the federal government, in the final analysis, is the one which is going to make the decision, and all the Province of Alberta can do is encourage the project to the extent that it's capable. But I really fail to see, quite seriously and sincerely, that a legislative committee investigating the issue would shed any light on the subject that isn't really already known, or accomplish any practical good other than spending some taxpayers' dollars and maybe keeping some underemployed politicians occupied.

MR. LUDWIG:

Mr. Speaker, I wish to support the motion. I firstly wish to commend the hon. Member for Calgary Bow for doing an excellent job in presenting a case for a hearing in this Legislature.

I would just like to make two brief comments with regard to the hon. member who spoke last. He stated that the Syncrude consortium must have proceeded on faith. It's a private enterprise system; they may well do it. But I'm suspicious that this government may have proceeded on faith also and perhaps faith that wasn't too well founded in a background of knowledge and facts.

When the hon. member who just spoke states that he knows about the issue just what he reads in the paper that is a good indication that perhaps we all here ought to get better informed, because perhaps everyone here could say the same thing, including the ministers. When we had their glowing announcement that this is about the greatest thing that ever happened to Alberta and get on it because we have no way to go but up, the Premier perhaps took more credit for the project than he was entitled to. Nevertheless he influenced public thinking and everything was very optimistic, everyone was happy because Alberta had another guaranteed number of years of revenue from its natural resources.

As the glowing terms were perhaps justifiable, the Premier believed what he said was correct. It is my view that the studies that were available for the government at the time did not justify the decisions that were made. Perhaps in an issue of this nature there should have been more.

I am amused when the Premier stands up and says well, inflation this and inflation that. We all knew years ago that inflation was here and everyone, every economist on the street knows that inflation will devalue the dollar, and whatever we start building today, if we don't build in a hurry, will cost twice as much two years from now. You don't have to be an expert to know that. Every minister and primarily the Provincial Treasurer knows that. The senior citizens know it. Notwithstanding what they get from the government, next year they [will] have 20 per cent less. So that isn't something no one understands.

I think the best place to learn a lot about an issue that affects every person in this province is in this Assembly; have a Public Affairs Committee hearing and let's hear from everyone. Let's clear the air; tell the people whether we can expect anything from this project in the next ten years if everybody moves quickly.

But I think the Premier unintentionally misled the people of this province when he announced the tremendous agreement, an agreement that's in the best interests of the people, and a few months later [tells] us that the whole thing is washed up. We don't know what's happening; Syncrude doesn't know what's happening, and we think it's Ottawa's fault.

We can say that we think everything is Ottawa's fault and I think that anyone with even a glimmer of knowledge of taxation, of taxation as it relates to Ottawa's area of taxation and the provincial area of taxation, would know that one government would not permit another to encroach on its specific domain of taxation. Everybody knows that. That's as well known as the history of this country. And once a province starts encroaching on any type of revenue that's taken by the federal government, there has to be either an agreement or a fight. So we have the problem where nobody knows what's going to happen.

Well that's a good place to start. Can we find out what's going to happen? Can we just find out by going on as it is now - on and on and on and read the speculative

remarks of oil people, the speculative remarks of politicians who are more concerned about good politics than good economics; the speculation of a lot of people on the street. A year from now we won't know a bit more about what's happening than we do today.

An admission by both sides of the House that we don't know what's going on is a good admission. The question is, how are we going to find out? Maybe a Public Affairs Committee hearing is not going to solve everything, Mr. Speaker, but it certainly ought to shed more light on the issue than we have now. In that regard, every hon. member here could at least state that I'd like to know more about it, unless somebody gets up and tells us that he knows all about it and we'd listen and then we wouldn't have to have a committee hearing.

But the hon. Premier indicated that he now was conducting a study because his previous studies on the issue were short-sighted. They didn't project into the future. So he moved quickly.

The Conservatives, as usual, wanted us to have all kinds of technical and detailed studies, cost-benefit studies of anything we did. But they jumped on an issue when their knowledge of what is happening and what may happen was incomplete, Mr. Speaker. If it was complete, we are indeed surprised that things changed so drastically in a matter of a few months.

I think I made comment that if this sort of situation continues indefinitely for a year or two, three, four or five years, we may well have to start referring to the matter as the Tory quicksands instead of the Alberta tar sands. And nobody's too concerned about the political quicksands of this particular government. The fact that they're up to their neck in this issue and don't know which way to turn is beside the point. The concern is the people of this province. What kind of stake have they got in this and what have they got a right to know.

The people in every constituency have a right to ask every MLA, you tell us what's going on. You're our MLA and do you know? And he can say, I don't know because the Premier stands up and he doesn't know. And the hon. Minister of Federal and Intergovernmental Affairs also doesn't know. And the Minister of Mines and Minerals doesn't know. He might say he does, but they're conducting a study to find out.

Maybe we could accelerate this whole process and have a good discussion and exchange of views and particulars in this House and all be better informed. When I hear an hon. member who has just walked out and who is a very capable and a very qualified engineer and an expert in the industry state that all he knows about is what he reads, it's an indication that we need to be informed, and this is as good a place as any to get it.

So I support the motion. I urge other hon. members to support the motion because it's a positive step. It will get us better informed so that we may make decisions, so that we may determine whether the government should move ahead.

Or maybe we should determine that the government didn't know what it was talking about and the thing is not feasible; that maybe we should drop it. I'm not alone in this view, because the ministers have been going up and down the province telling the people that we're not going to touch this.

The hon. Provincial Treasurer said, I don't think we're going to put any money in it. That wasn't a very wise statement to make because we want somebody to do it and the province that has the most to gain for its people is saying we're not going to touch it. Another minister tells us from Calgary that we think this thing has to be left in abeyance for now; it will have to wait. And another minister tells us that we'd better jump on this and do something quick. Perhaps he is at least the most positive of the bunch.

I believe that the hon. Member for Calgary Bow did something worth-while in this House. He moved a motion to have this whole issue aired before the Public Affairs Committee where the proceedings are not very formal. We could call all sorts of people to testify, to give evidence. We can call our ministers to explain and maybe we could pull the thing together instead of having ministers going up and down the province each telling us his own views on the issue, and convincing us that he hasn't got too much depth of knowledge on this particular matter.

So I urge the hon. members to discharge their responsibility and do what they can to become informed on this issue as quickly as possible, because decisions have to be made on this issue in the immediate future and not four, five or ten years from now.

I am sure this government would not want this kind of thing to be given too much emphasis, because much as the hon. Premier sought the glory of the project when he announced it, and he was beaming and everything was very optimistic for the people when he sought credit for it, now he would like to avoid the impact of perhaps adverse publicity he may get when it's found out that neither he nor anyone else knows what the future of this issue is. And so it perhaps would be better to postpone this until after the next election. We can sit on it for another four or five years.

I believe the people of this province don't even know that the only tar sands project producing any oil in this province, producing revenues for the province at the present time, is one that was started many years ago and was sort of guided to success by the previous government, the Social Credit government. We were berated and criticized and were laughed at because we made concessions; we kept the thing alive without spending \$100 million on research. Today it's producing oil, and we are grateful that it is, and perhaps the future of the province will be better because that project succeeded.

As far as Syncrude is concerned, all we have is a fair level of distrust, a fair amount of doubt of the people of this province as to whether this government is in fact going to be capable of moving that project. And not only are we concerned about Syncrude,

but we have to be concerned about successive future projects. We thought we'd have one on stream every year or two after the Syncrude got going, and it's obvious we're not.

Right now there's not a person in Alberta who can tell us if we'll get a barrel of oil out of Syncrude or any other tar sands project that will be started within the next 10 years. That's rather a sad reflection or an about-face of the situation that we had just less than a year ago.

So I think the motion, if supported, could bring a lot of good and could do very little harm.

Thank you, Mr. Speaker.

MR. NOTLEY:

Mr. Speaker, in taking part in the debate I would certainly endorse the proposition of holding an open session of the Public Affairs Committee to thoroughly analyse and evaluate the present Syncrude project. There's really no doubt that an open discussion of the project, based on as many of the facts as we can ascertain, would be helpful not only to the members of the Legislature but to the people of the province and indeed the people of Canada.

There certainly have been some different stories told in the Legislature, and I don't suggest that with any imputation at all of improper motives. I recall a year and a half ago when we first discussed the Syncrude project, the hon. members opposite were telling us, Mr. Speaker, that we had to proceed at a very rapid pace because of the possibility of oil shale development in Colorado and parts of the United States. That seemed like a very feasible argument, Mr. Speaker. But it was rather interesting the other day - Friday, I believe - to hear the hon. Premier dismiss oil shales development as not really a feasible competitor at this point in time.

I recall being in Denver, Colorado in the early part of January 1974, Mr. Speaker. Because I was interested in oil shales development, I decided to go down to the state office building to talk to the fellow in charge of the oil shales development for the state of Colorado. Much to my astonishment, when I went into the building I had some difficulty even locating him from the secretary at the door. We went in and we discovered that here on about the fourth floor of the building was a little cubbyhole. One poor gentleman, the state director in charge of the oil shales, was enclosed in the cubbyhole. There were three or four other cubbyholes and among the four people - the other three doing different work for the state government. They had one secretary. As a matter of fact it was quite a contrast to what I would have thought from all I'd heard about the oil shales being just on the verge of major development. In discussing the issues with the gentleman in question, it was apparent to me that any major development of the oil shales was some distance down the road.

So I'm not surprised, Mr. Speaker, that the hon. Premier on Friday of last week made it clear that we don't need to worry about oil shales production suddenly making the oil sands redundant. It just isn't likely at this point in time. The technical problems of developing the oil shales, the political problems of getting the water involved because most of the Colorado River - the flow is designated, part of it, by international contract - the multiple problems, from a technical and a political and a legal point of view, of getting oil shales development on stream are stupendous and make our difficulties in the oil sands seem rather small by comparison.

Well, Mr. Speaker, I'm a little concerned that we still don't have those oil sands guidelines the government has been promising us for some time. Clearly, if there is to be some organized approach to developing the oil potential of the Alberta oil sands, there must be some guidelines on the part of the government of Alberta so that we can determine what route we're taking.

I suggest, Mr. Speaker, that in actual fact we have an excellent proposition, but one which was not accepted by the Alberta government in their civil service report which was tabled in this Assembly in October or November of 1973. The civil service report, prepared by a hundred of our top public civil servants in the province, makes a number of important recommendations. I would, for the sake of review, Mr. Speaker, summarize what I consider to be the three most important recommendations of the civil service report.

The first is that the development of the oil sands should proceed under the most stringent environmental standards possible.

The second is that the pace of development should be measured so that we can digest the development within the Alberta economy, so that we don't precipitate inflation which is so completely beyond control that we create more trouble than good.

The third major point in the civil service report, Mr. Speaker, was the emphasis on Canadian ownership and development, either by government directly or by a consortium of Canadian-based companies.

These three major guidelines, Mr. Speaker, would, in my judgment anyway, set a sound base for the government of Alberta to work from. Unfortunately it appears, particularly with the announcement of the Syncrude venture, that we have chosen a different course.

Now, Mr. Speaker, when the announcement was made in September of 1973, we were advised that the Syncrude project was going to be of vast importance not only to this province but to all of Canada. We were told that we had got the best of all deals. Well, I think there is some considerable discussion over that point now. But, Mr. Speaker, I recall during the debate that followed in the Alberta Legislature during the fall session of that year that I made the argument, and I think it is still valid, that in dealing with multinational corporations - and I don't suggest that multinational corporations are horned monsters that we must go out with a pitchfork and attack - I think there are

certain basic points about the operation of multinational corporations which make them totally different in concept and much more difficult to work out joint ventures with than small Canadian-based firms.

The point of fact, Mr. Speaker, is that a multinational corporation maximizes its worldwide profit. Now there's nothing illegal about that. There's no conspiracy in that. That is as basic to a multinational corporation as blue is to the Tory party or apple pie is to the American dream. It's just the way in which multinational corporations operate. But, Mr. Speaker, by the same point, while they operate on that basis, it is much more difficult to control them because you are not only dealing with a small company based in your province or based in your country, which can identify with the aspirations of your province or your country; you are dealing with part of a worldwide empire which is concerned with maximizing their overall return. Mr. Speaker, unless we recognize that distinction there is very little possibility that we will have effective control over the operations of these firms.

That was one of the reasons I quarrelled with the Syncrude project when it was first debated in this Legislature. I recall at the time that the Attorney General and the hon. Minister of Federal and Intergovernmental Affairs emphasized the importance of the accounting manual and that we would somehow, through this very cleverly-devised accounting manual, be able to monitor and control what was going on. Well fair enough. But I found it rather interesting yesterday to learn that the accounting manual still isn't completed. Now the answer from the other side will obviously be: so what? The plant isn't operating yet. But, Mr. Speaker, during the construction of the plant, surely we should be watching just exactly how costly the operation is.

I was interested today to listen to the hon. Premier's response to a question from the hon. Member for Cypress, when he asked whether the government in fact was monitoring the costs as opposed to the estimates. The Premier, if I recollect his answer correctly, said no, the government, to this point in time anyway, hadn't considered it feasible or practical or necessary to monitor the actual costs. Mr. Speaker, I find that a little difficult to understand. I find that a little difficult to understand especially when we look at some of the other projects in Canada where costs have got way out of hand.

We have, you know, the example - I use that word deliberately - of another Tory government in Manitoba which set up the famous Churchill Falls pulp project - I'm sure most members will remember that particular scheme - which got way out of hand. It turned out that the taxpayers of Manitoba had to pick up millions and millions of dollars and eventually take the thing into receivership, Mr. Speaker; that vast amounts of money had been syphoned off during the construction process.

Now I am not accusing the contractors at Syncrude of doing that. But, Mr. Speaker, I don't think that we as a legislature or the government executing the responsibilities of all Alberta citizens should, even for a moment, put itself in the position where that might happen. I think there should be ongoing monitoring. This is not questioning anybody's integrity, but it is just stating what should be a common-sense position if the interests of the people of Alberta are to be protected during the construction of this massive project.

I say that that is particularly important, Mr. Speaker, when we consider that the proceeds, our proceeds from this venture, will not be a royalty unless we take that 7.5 per cent option, but in fact will be 50 per cent of the profits. And 50 per cent of the profits under the present deal will be changed very markedly if the construction costs suddenly balloon. Our share would go down appreciably. So it's important, Mr. Speaker, that we not only look at monitoring through an accounting manual once the venture is in operation, but we should be checking every expenditure to date to be confident that that expenditure has been properly and efficiently made.

Now, Mr. Speaker, we've had some rather interesting changes in the cost of the Syncrude project. Professor James Russell of the Committee for an Independent Canada wrote an article for The Edmonton Journal dated January 25, and I raise one point that he mentioned in his article. He is talking about the Nelson Index for refinery construction costs. He points out that it has gone up by 8.8 per cent in the last year. Well I don't argue that there aren't many other costs involved in the construction of a major plant that are not equatable with refinery construction costs, but here is one index that has gone up at a very moderate rate, not the huge increase that we've seen in the case of Syncrude.

Mr. Russell and the Committee for an Independent Canada also released a letter from Canadian Bechtel to Syncrude dated June 7, 1974 where they estimate the on-site project cost at \$682 million, but allowing for inflationary trends then in place, an estimate of \$846 million. Well, Mr. Speaker, that was an estimate from Bechtel on June 7, 1974.

I find it a little difficult under these circumstances, Mr. Speaker, to understand how the costs of the Syncrude project could rise from \$840 million, giving allowance for inflation, to the figure of \$2 billion by September, 1974. Not even under the Tories is inflation going to be that bad, Mr. Speaker. That is an inflation of about 700 or 800 per cent if you consider the length of time in question.

Mr. Speaker, that just doesn't sound reasonable to me at all that that kind of ballooning could occur. Mr. Spragins can talk about the increased costs of the Montreal [Olympic] Games or the James Bay project, but Mr. Speaker, that doesn't answer the huge increase which occurred in this period of three short months.

Now, Mr. Speaker, either there was a serious miscalculation in the estimates of Bechtel, which should make us wonder whether or not they are as competent as we have been

led to believe, or there is some other reason for the costs going out of proportion so quickly.

Something that really concerns me, Mr. Speaker, is the agreement we have with the Syncrude people. The hon. Premier referred to this agreement the other day, on Friday I believe, quoting both Section 12 and Section 13 of the agreement. Section 12, and I cite for the members of the Assembly: "Representatives of Her Majesty shall have access at all reasonable times to all information, data, contracts and agreements relating to the Syncrude project ... ." Then going over to Section 13 of the contract, under subsection 3 of Section (a) it says: "shall be entitled to currently receive all data and information concerning the Syncrude project in order to keep Her Majesty fully informed of all matters relating to the Syncrude project". I raise those clauses from the agreement in order to ask the question, why it was that the Alberta government was not immediately advised of the increased costs.

It's my understanding from listening to the Premier on Friday that Syncrude received this information in September. But it wasn't until November that the Alberta government was notified of the increase.

Mr. Speaker, one senses the frustration, and I suspect the annoyance of our own Premier on the delay in obtaining this information, where in his press release of January he talks about the appointment of a committee of review to investigate the costs. He makes the point in his release: "... the government's representative attending Syncrude meetings had not been informed that the project cost estimates were increasing to this magnitude". He said that as recently as October.

Mr. Speaker, under those circumstances I find it just a little difficult to understand what the partners in this joint venture, what the partners of the consortium are doing and what kind of role they are playing vis-a-vis the Province of Alberta.

As I interpret the agreement we have with them, as soon as there was any indication that the costs were going up by this magnitude, they should have advised the government representatives so we could have made decisions. Perhaps we could even have debated it in the fall session of the Legislature. Instead we find that this is delayed until November; then the bomb is dropped, but dropped coincidentally with part of a well-orchestrated campaign by the oil industry to push up the price of oil.

Mr. Speaker, we don't have the smoking gun, if you like, to link the two. But you can't blame many people in this province and the rest of Canada for being a little more than slightly suspicious about this interesting turn of events: the cost of the plant going up all of a sudden, the announcement being delayed to the Alberta government until six weeks after they get the cost increase to coincide with a well-financed campaign across the country designed to soften Canadians up for the world price of oil.

I think the price of oil has to go up, Mr. Speaker, but I think it has to go up based on the replacement cost of the petroleum we are using. That decision as to what should be the price of oil in Canada clearly should be made not by the oil companies but by the governments, provincial and federal, in negotiation.

I thought the events of the fall were strange, Mr. Speaker, but what really shook me at the unmitigated gall of the consortium was the two-week ultimatum: either come up with a billion dollars or the whole project is stopped. A billion dollars in two weeks - cash on the barrel head I believe was the inference, at least of the first news conference.

Mr. Speaker, how could any government in its right mind suggest to the people of either the province or the government of Canada that we should come up with a billion dollars when there is that much uncertainty about what the actual cost of constructing Syncrude is.

I have to commend the government for undertaking their cost studies. But I would feel much happier frankly, Mr. Speaker, if we had an undertaking from the Government of Alberta that those cost studies would be released and tabled in this Assembly.

You can have the findings, as the Premier suggested, but we all know that the findings can be altered by the assumptions you use. What kind of inflation rate are you going to use? What kind of interest rates do you use? What kind of projection do you put down for the possible increases in wages and salaries? All these will have an enormous impact on what the findings of our investigation will be. And that's why I would like to see at least as much of that information tabled as possible, and if it can't be tabled, Mr. Speaker, at least we should know what the assumptions are that predicated the findings of the inquiry.

But in any event, Mr. Speaker, here we have the spectacle, and I say "spectacle" deliberately, of a consortium controlled by three foreign companies telling the people of Canada or the rest of the industry, come up with a billion dollars and do it in two weeks time.

How can we even entertain that proposition as being a sensible suggestion? Had that kind of ultimatum been given to this government of Mr. Lougheed by the Ottawa government, there would quite correctly be resentment on the part of every single member of the Assembly. I'm surprised at the rather tolerant quiet approach of the Minister of Federal and Intergovernmental Affairs concerning this one. It certainly is rather markedly different from the general tactics we see whenever there is a disagreement with Ottawa over the oil industry.

Well, Mr. Speaker, I find it a little heavy too, to have this ultimatum delivered to us. They're going to drop the project, are they? After we've done what? Spent a year and a half building infrastructure in the area, spending a lot of money - we don't know how much yet, but the motion for a return I have on the Order Paper today will perhaps



reveal how much actually has been spent by the Alberta taxpayers on infrastructure which is directly or indirectly associated with the Syncrude project. We have plugged the entire economy of Alberta, or at least a large part of it, into the development of this project. As the Member for Calgary Bow has quite correctly pointed out, there would be very serious unemployment in the construction industry if the whole thing ground to a halt and that was accompanied by a worldwide slowdown - and that's one of the fears I think many observers see as they look at western Europe and the United States today.

Well in any event, Mr. Speaker, I find it a little difficult to accept the proposition that the people in Syncrude can love us and leave us. They can get us into a deal where we spend millions of the taxpayers' dollars and then, if we don't accept their ultimatum, they can say well, sorry about that, we're going to drop the project. I guess the money you spent on training people, I guess the money you spent on highways, infrastructure and other things is just money lost because we've decided to invest elsewhere. I don't think that's an acceptable or a tenable proposition, Mr. Speaker, and I believe it should be opposed by all hon. members.

Now, Mr. Speaker, we hear the figure of \$2 billion. I would question whether it's really going to cost that much. But the fear that that \$2 billion creates may very well cause many Albertans and Canadians to manoeuvre themselves into the position that half a loaf is better than none. What I fear is that we're going to be persuaded to put up a large amount of public money in a joint venture with multinational corporations where they're still going to call the shots.

I think the project should proceed, but in my view it should proceed under the auspices of a Crown corporation without the multinational corporations, perhaps not at the same pace, but I think that if we're going to be putting up most of the money and accepting a large part of the risk, the benefits, whatever those benefits may be, should accrue to the people of Alberta and Canada.

Several university professors at the University of Alberta, Mr. Speaker, have done some accounting as to what the rate of return would be, given a \$2 billion cost - and I use \$2 billion only for the sake of argument at this point because I don't think it is \$2 billion. But at various prices, what would the return be? Well, Mr. Speaker, if the price is \$8.50 in 1978 - and I think most of us are willing to accept that proposition; I think even Mr. Macdonald has talked about a price of \$8 or \$8.50 a barrel this year - and rises at a rate of 4 per cent annually, the return on investment even with a \$2 billion plant would be 12.78 per cent. If the price by 1978, however, is the world price and then rises at a 4 per cent rate, the return would be 19.6 per cent on investment. Mr. Speaker, the point I make is that even if the cost estimates are in the neighborhood of those we hear today, even if they are totally correct, it would be feasible and proper to go ahead with a Crown corporation because the rate of return, given the likely price situation, would be sufficient to make it feasible.

Mr. Speaker, this is not just the position taken by the New Democratic Party or the Committee for an Independent Canada or people who are generally on the left of the political spectrum. I should note that Bruce Willson, the former president of Union Gas - and people in Edmonton will recall that Mr. Willson for a number of years was associated with Northwestern Utilities in this city; he was born in Edmonton. I point that out so my friends across the way don't retort that here is an eastern gas magnate telling us what to do. Mr. Willson was born and raised in this city and got a start with Northwestern Utilities. But Mr. Willson points out that we should move towards a public utility to develop the oil sands. Public ownership is not a far-out idea, but one which is a reasonable proposition. This is a point, Mr. Speaker, presented by the former president of Union Gas Ltd., and a man who has been in the utility business all his life.

Mr. Speaker, I realize that undertaking the development of Syncrude by Crown corporation entails certain risks. I don't think that there would be any of us in this room today who would minimize those risks. But I believe that the risks are not so great that the opportunities and the challenges that flow from that development don't make the risks worthwhile. I suggest for those of you who argue that we should go the private route, that we would actually maximize legitimate Alberta and Canadian private enterprise by developing the sands publicly than we would if we let the multinationals do it. Why? Because to a large extent, as the civil servants' report said in 1973, Mr. Speaker, multinational corporations have existing buying patterns, and while you can coax them to buy a little bit locally and take out a contract here and a contract there, let somebody do the laundry work and that kind of thing, the bulk of the engineering, the bulk of the design, the bulk of the technology will remain with their conventional suppliers of goods and services.

Now, Mr. Speaker, if we are going to maximize the opportunity in Alberta and western Canada for an indigenous service industry related to oil sands development, I submit that you would get more legitimate private enterprise if we had the sands developed publicly than you would if we relied on the multinationals to do it for us, so that they turn to their Bechtel associates and to the subsidiaries in the United States and what have you. And I don't say this to criticize the consortium concerned. I think that again - and I make this point in conclusion Mr. Speaker - that when you deal with multinational corporations, you must understand that it is their worldwide operation that they are interested in and that Alberta or Canada or even the United States is just a little cog in that total wheel.

Mr. Speaker, I would hope that the members of this Legislature would debate the issue thoroughly. I think the Syncrude project should go ahead, but it should go ahead under



Canadian ownership and be a monument to what we can do together, both the people of Canada and the people of Alberta working in partnership.

MR. DICKIE:

Mr. Speaker, I welcome the opportunity today to participate in this debate. I read the motion that is before the House, and I would have to urge my colleagues to reject it.

When I first read it, I noted some technical questions involved in my mind on it. It's a referral motion to a committee. I can think back perhaps the same as my hon. colleague from Wetaskiwin-Leduc has said, of some of the difficulties when you make a referral motion to a committee without specific terms of reference. The committee has difficulty in deciding what to do when they get there and how to handle the situation.

However, irrespective of those reservations, I would like to deal generally with some of the other reasons I would urge my colleagues to reject the motion. First, I would like to say without question that there has been some concern expressed about the lack of knowledge and information that has been given to the members of this House, and I think the hon. Member for Calgary Mountain View raised that. I'd like just to highlight what has actually happened.

The hon. members will recall after the letter of agreement was signed, that on the opening day of the fall session in 1973, we tabled in this Legislature, for the benefit of all members, the letter of intent between the government and the Syncrude participants dated September 14, Calculation of the Albertans' Share of Profits from Syncrude Project by Foster Economic Consultants; Principal Risk Areas of Syncrude Project by Foster Economic Consultants; a letter to the Prime Minister of Canada from the Premier of Alberta dated September 20, 1973; and a report of W. J. Levy Consultants Corp. on the Emerging North American Oil Balances: Considerations Relevant To A Tar Sands Development Policy.

I can say without question that any questions that have been posed in the House - the Premier and certainly my other colleagues involved in this project have answered all the questions. There can be no real serious concern about the lack of knowledge.

The question has been raised about the reports we have commissioned and certainly we have considered the question of tabling them. We have drawn to the hon. members' attention the confidential provision in the agreement between the government and the Syncrude participants. We would have to look at that document after we have the reports. We have also had preliminary discussions with the head of the task force as well as with some of those dealing with the reports, about items or conclusions that might not be of a confidential nature and [about] drafting the reports in such a way that perhaps some of the conclusions or summaries would be in a position that we could table for the benefit of all members of this Legislature so they do have knowledge of the events that are occurring.

Mr. Speaker, a number of interesting questions have been raised. Perhaps at this time I could just highlight and review briefly a few of the events that have occurred, because I think they relate to some of the comments that have been made. First, the hon. Member for Calgary Bow raised the question of the utilization of Albertans and at the same time was calling for leadership in this regard. I would like to recall for the hon. member's benefit that when the Syncrude project, on its initial application, came from the Energy Resources Conservation Board and went to the former government, there were no conditions attached at that time. It was subsequent [to] that, when we had taken office. One of the first projects I had to consider was the application before the Energy Resources Conservation Board and how it should be handled by the present administration.

As a result of discussions and negotiations at that time, the hon. members will recall that the government stipulated five conditions on the permit that was issued to Syncrude. This was the first time those types of conditions had been put on a permit. Today, when the hon. Member for Calgary Bow reviews the utilization of Albertans, the utilization of Canadians, I recall the discussion we had in putting that condition on the permit - to utilize Albertans, to give Albertans the opportunity, to make sure they had a chance to realize in the development of the oil sands. I think that was important.

Certainly I commend the hon. Member for Calgary Bow today [for] reading the facts and figures he has of the utilizations of Albertans. I think it's with interest that the hon. members reflect to show what leadership this government did take in that regard, the results that have been achieved as a result of that condition that wasn't put on the permit at the time back in February, and was subsequently incorporated into the agreement. Again it's a question of the leadership of the government in respect to the oil sands.

Mr. Speaker, I would like to say a word about the oil sands. Certainly from my point of view the oil sands have been one of the crown jewels of Alberta. We have been concerned about the development. I think it's completely inaccurate for the hon. Member for Spirit River-Fairview to say there are different stories in this House dealing with the development of the oil sands. I think we have contended that there should be an orderly development of the oil sands. When we make that statement, we are referring to the mining aspect of the oil sands. I think when we are dealing with the in situ type of operation I have, on occasion, called to work out a quicker program in that regard because of the lead time. I think when we are talking about oil sands, whether it's mining or in situ, we always have to visualize the lead time that is required. From that point of view I think it is important we keep in mind that when we are talking about an orderly development of the oil sands, let us also look at the mining end of it as compared with the in situ aspect of it.

One other interesting observation was raised when the hon. Member for Calgary Bow suggested that we have a last-ditch stand and that we look at adjusting the royalty. Mr.

Speaker, I would like to review briefly the history of the development of the royalty. Certainly, as I mentioned, one of the first tasks we had was to work on the five conditions that were attached to the Syncrude permit. At the same time, when we met initially with representatives of Syncrude, the question of royalty did come up, and from the period of time since we had taken office to the finalization of the agreement on September 14, the question of royalty was an important consideration. There were many meetings on it, many discussion on it, many alternatives of the form of royalty were examined. We did have the opportunity to look at the type of royalty that had been devised by the previous administration on the first oil sands plant. That has been mentioned by the hon. Member for Calgary Mountain View. Of course I can refer to the hon. members that the royalty on the GCOS operation was 8 per cent of the first 900,000 barrels and 20 per cent on the excess over 900,000 barrels. I think hon. members would be interested to know exactly what that meant percentage-wise as a result of the two levels of royalty.

I can refer to 1967: it was worked out to about 8 per cent; 1968 about 8 per cent; 1969 about 8 per cent; 1970 it was 4 per cent; 1971 about 4 per cent; 1972, 6 per cent; and in 1973 we had figures bearing from 6 per cent to a high of 14.25 per cent. Hon. members will keep in mind that that 14 per cent, the highest, was on the gross amount that was received by the company per barrel. We did look at that. One of the considerations we had also to keep in mind was that when the company did experience some trouble they did request a remission of royalty. During the period of life of that project the total concession granted by the previous administration to GCOS was some \$10 million.

When you consider the type of royalty that was implemented at that time and some of the difficulties the company experienced in start-up, we had to examine if that was the type of royalty that would be a desirable from the government's point of view and from the company's point of view. You did have a situation where, if a company starting an oil sands operation did experience difficulty, it would immediately request a remission of royalty, and the difficulty of dealing with that remission of royalty. Even after we had taken office, the GCOS did request us to give further consideration to a remission of royalty, and that was rejected by our government. But we did have the benefit of experiencing the difficulty of trying to assess, after you do come in with a royalty, how you work out a remission of royalty. So with that in mind, we were trying to work out some method and some procedure for developing a royalty.

When I reflect back and think [of] the first steps we took in respect to royalty, one has to realize what type of operation we have here. It has been primarily described as a mining type of operation compared with the conventional crude oil type of operation. When you look at it, it really involves four distinct operations. There is the mining operation, that is the first step; then there is the extraction; then there is the refining or upgrading, and the fourth and last one would be the utility plant that would be part of that operation. But we do have a distinction between the mining and the extraction and upgrading.

We started to work on a form of royalty we could develop that would take those considerations in mind. I think if you look at the GCOS, the experience that was obtained in GCOS - and Syncrude would also experience that - would be that the area in which the difficulty of ascertaining the cost and the risk element of the operation is in the mining type of operation. So we had to deal with that question. If you look at what comes out of the mining type of operation - it's referred to as a bitumen - of course the immediate reaction is that if you look at the royalty as the Queen's share of the production you then say, how much is the Queen's share of production? How much is the Queen's share of the bitumen? You have difficulty arriving at a value of bitumen. That was one of the real key concerns, because when you look at that, there was no market for bitumen. You just couldn't come up and say there was a market value for bitumen, so how could you attach a reasonable royalty on bitumen.

I might say, Mr. Speaker, that our whole approach on this question of royalty was always to make sure that we did receive for the people of Alberta a fair and reasonable return as a result of the oil sands because they are depleting and nonrecurring. At the same time, we had to consider the companies involved and we had to look at a royalty that would be fair and equitable to them, having regard to their investments in the oil sands, the substantial and unique risks inherent in recovery of synthetic oil from the oil sands and the current and projected profitability of their lease interests.

So we used those as basic principles from which to develop a royalty. As we progressed and developed the royalty, to try to work on the question, we came up with one real key concern - and this really was an instrumental fact in developing the Syncrude royalty - and that was [that] it should be price sensitive. If hon. members will reflect and go back through the period of time in 1973 when we were negotiating the Syncrude agreement, it was just at that time that we were noticing the great impact on international prices of crude oil. Of course the first rise took place in August of 1973 and then the subsequent rises were taking place from that time on. But when we had the sense of the increased prices and the unpredictability of the ... [inaudible] ... prices of crude oil, we wanted to make sure we devised a royalty that would give the people of Alberta an opportunity to benefit in that price increase. Here again, if you look back and reflect on the GCOS royalty which is a gross royalty, the highest it has ever been is 14 per cent. If you take a look at today, 14 per cent on \$6.50 is considerably different than 14 per cent of the price of \$3.80 that we had at one time. As has been mentioned before, we are looking for future increases in price. If we're just taking 14 per cent of the future increase in price of crude oil, say from \$6.50 to \$8.50 or \$9 or \$10, we're

taking a minimum amount. So we were trying to devise a royalty in such a way that where the prices increased, the return to the people of Alberta would increase.

This again is where we finally arrived at the question of a net profit type of royalty that was devised and finalized in the agreement. When I say the question of the net profit, we also looked at the question of what we do have, what we have in our natural gas royalty. There again I can reflect from the experience that we've had, the benefit of royalty provisions over the years, that there was a gas cost allowance. When we looked at the mining type of operation, we then said, could we have a gas cost allowance related to the refining aspect of it or the upgrading of the extraction plant that was there, and then we tried to work those two in. We were at one time looking at the question of a minimum royalty on the bitumen and then having a kind of profit-sharing concept on the plant.

As a result of discussions, not only with Syncrude, but with representatives of the Canadian Petroleum Association, IPAC and various other companies that were involved in the oil sands, because we were trying to set up a type of royalty and a formula for a royalty that would be worked on for additional plants, not only Syncrude - as a result of that, we wanted the benefit of the views of other people and companies that had interests in the oil sands.

After a great deal of discussion - and here again we had the benefit of representatives of the Energy Resources Conservation Board's top technical people, the benefits of some very competent and highly skilled people in our department to work on the question - we came up with the conclusion that the best thing for a company that was starting and could have problems in the start-up, at the same time to give a fair and reasonable return to the people of Alberta, was to work out the net profits position. Of course, after negotiating back and forth with the companies, it was resolved that we settle on a 50 per cent net profits royalty.

Now there's no question that when you start to look at the aspects of a net profits royalty, one of the key concerns of course was the accounting manual and the importance attached to the accounting manual, because we wanted to make sure that this would protect the people of Alberta so that they were getting the proper figures in to arrive at a true net profit and a true sharing between the government and the participants. We were cognizant of the fact that there were different participants so that they in themselves would be to some degree a watchdog. But we wanted to go further and work out that accounting manual and have control over the accounting manual so there would be no question that the people of Alberta would get a fair share of that royalty.

I think, Mr. Speaker, if we reflect on the agreement that was finalized on September 14 and subsequent to that, revised when we tabled the amended agreement in this Legislature on December 13, hon. members will recall again that there were three conditions attached to that original agreement. After the extensions were granted and we subsequently revised the agreement, that agreement was tabled in this Legislature. So all hon. members have had an opportunity to review in detail and to ask any questions they saw fit on the terms and conditions of the agreement. We've endeavored to answer them to the best of our ability at all times and provide the information to the hon. members to properly assess the situation.

Mr. Speaker, in dealing with the royalty and before we conclude, I think it has been an acceptable type of royalty and I would urge hon. members if they are taking a look at the question of the royalty, before making suggestions, that they examine it very closely and deal with it before making subsequent changes of how a royalty can work which is fair and reasonable both to the participants as well as to the people of Alberta.

Mr. Speaker, that takes me really to the situations that developed in January and December. Here again I think I would like to make one or two references to the comments that were made. Certainly I think the hon. members would agree when the cost aspects did come to our attention, how we handled that. I refer again to the press release issued by the hon. Premier on Friday, December 20 where he mentioned that we had commissioned five reports that will deal with these questions. People have passed comments on the reports, especially the costs. I think it's premature at this stage to deal with those kinds of questions on the costs. We have commissioned the reports of a company like Mannix to investigate these questions. I can advise the hon. members today that the target date was set as January 31. We have been in contact with the various people who are preparing the reports. It does appear now that they can make the target date. They have requested perhaps a day or two after that to assemble the information in a proper form. That will then be passed on to the chairman of the task force, Mr. McFarlane, who is looking after this as the head of the task force that is reporting to our cabinet committee. We should have those reports early in February for consideration of the questions.

I think what has come up - and a number of suggestions have been made as to the approach to the problem that we are facing at the present time, and a number of alternatives and options have been stated. I think after we have those reports, we can consider and deal with those questions.

However, I'd like to say at the present time the government is showing the leadership that has been suggested. We have been discussing the questions and problems involved with the federal government as well as all the provincial governments that are interested.

As I mentioned to the hon. members the other day, the question of outside participation was first brought to our attention after the mines ministers' conference when the Hon. Donald Macdonald expressed an interest in investing in the oil sands. He also requested some clarification as to what might be the provincial government's view on that. We did debate that at cabinet and I subsequently advised him of our position on

that. I think it's important to notice that in that press release where we announced that we did consider the federal government as an acceptable participant on a commercial basis, we also encouraged Syncrude to meet with the private sector to participate in the oil sands project. I might also add in that respect that I have met with representatives of IPAC and CPA. I've also urged them that in the free enterprise economy in which we exist at the present time, sometimes concerns have been expressed by governments getting involved; that this is a real opportunity for them; if they were interested in that to take a serious look at it, that they might put together some consortium of a number of companies which were interested in developing the oil sands to participate and meet with Syncrude to see if they could reach an agreement.

Mr. Speaker, I think I've answered some of the concerns that have been expressed to date. Again I can only state that we, as a government, are examining this question. Certainly my colleague, the hon. Minister of Federal and Intergovernmental Affairs, has been working with the federal government on it, having attended those meetings. I'm pleased with the relationship that existed. I think somebody mentioned that we are trying to get even or something like that. There was no feeling of that in that kind of meeting at all. It was one where both were expressing the interest of the federal government in Canada and the reserve question they were very cognizant of.

Having received the report from the National Energy Board last November, we were very cognizant of seeing the project go ahead and I think there is a spirit of good cooperation between the federal and the provincial governments. In respect to other provincial governments, they have been made aware of the opportunity to participate. We have had discussions of course with Ontario. The Province of Quebec has requested additional information. We will be providing the information that the various provinces will require. Again, I think we come down to the question of the many decisions which cannot be reached until after the assessment reports have been made available and we have discussed it with Syncrude on our confidentiality clause in the agreement with the distribution of some of these reports.

I deal again with the question of the decision date which has been set as January 31. Again, here I think it's fair to say of the remaining participants - we have met with them on a number of occasions, they have acquainted us with their problems and the problems arising as a result of the relationship between the parties. That involves the legal concerns, that has put time constraints on them. We recognize their problems and we have had discussions with them on that.

With that, Mr. Speaker, I can only urge again that hon. members reject the motion and suggest that we will give the leadership that is required in the forthcoming days and months after we have the proper reports to assess the project and all aspects of it.

MR. TAYLOR:

Mr. Speaker, last week I completed more than 20 meetings of the people of my constituency in practically every town, village and hamlet and the one city. At every one of these meetings Syncrude, oil and petroleum were raised and discussed quite fully. I am going to endeavor to interpret the conclusions reached by the people at these various meetings in dealing with this particular resolution.

The resolution deals with the resolution of problems. I think that part is good. There are problems. However, I'm rather concerned about how a Public Affairs Committee could resolve the problems that are actually at hand. I'm thinking of such problems, first of all - the main problem of course arises from separating the oil from the sand. That is the biggest problem, what to do with the sand and how to do it economically.

The first month I was in the cabinet years ago I was put on a committee to try to encourage people to come and separate the oil from the sand and develop the Fort McMurray tar sands. At that time it wasn't even conceived that they could be separated economically. Then, through the work of the late Dr. Karl Clark, it was shown in a pilot operation that the sands could be separated from the oil with a hot and cold water method. A great meeting was held, chaired by the late Hon. John Robinson, which technocrats, scientists and oil men from all over the world attended.

I still remember some of the discussions that took place at that symposium. The big problem was just how to economically get all the oil out of the sand without wasting an awful lot of it, and still deal with the sand. Eventually, a contract was entered into with Great Canadian Oil Sands and they have developed their method. I was delighted, I think is the word, when I first went through their plant and saw their mass of pipes and apparatus, and then came to the end where I saw the beautiful white sand that would be lovely on any beach being thrown to one side, and the oil going down the other spout to feed the markets of the world. I thought the whole problem had been solved, until one of the engineers said, just look where the sand is going. It's still covering an awful lot of sand from which the oil has not been extracted.

Syncrude came along and they must have done considerable work in their own laboratories to determine whether or not they had a process that would be suitable and probably superior to that of Great Canadian Oil Sands. I'm assuming now, I don't know, but I just can't see companies like Atlantic Richfield and Imperial and Cities [Service] Ltd. and Gulf going into a project like this without having done considerable lab work. So I believe they have a process by which they believe they can separate the oil from the sand in an economical way.

Some have suggested, and I don't know whether this is part of the Syncrude plan or not, that the only really feasible way is to eventually have a nuclear blast that would bring all the oil into one pool, and then bring it up by conventional methods. I'm not

going to comment on that. I don't know. But I do know that the major problem is separating the oil from the sand and whatever company does prove their technology to the point where they can separate this economically is going to be able to make a lot of money for themselves and a lot of money for the people of Alberta and produce a product that is needed in Canada. To my way of thinking the Public Affairs Committee could hardly add anything to that that they couldn't add right in this debate.

Another problem of course is inflation. This reduction in the value of the dollar is affecting everything. It's affecting farm operations. It's affecting the smallest businesses, it's affecting the biggest businesses. It's affecting the rich among us and it's affecting the poor among us. The dollar is just not buying what it used to buy. If for one moment I thought that we could contribute to the solution of inflation in a Public Affairs Committee, I would certainly be all for it.

Another problem of course is the world price of oil, again something completely out of our hands. One of the big problems of this whole deal has been the escalation of oil prices by other countries and other people, something over which we have no control at all. We simply have to accept it. As a matter of fact some of the windfall the federal government has been able to collect and some the provincial government has been able to collect has been due to that world price increase in oil; not due to anything we've done, but simply something that's happened in the world.

Then of course another problem is the cost. I think the cost of everything is increasing. I might as well be frank. I really don't believe Atlantic Richfield when they say they withdrew because the costs had doubled over a 15-month period. I can't conceive of that happening without them raising it at the meetings the government representative attended and that apparently did not take place. If it's a doubling of estimates, I can conceive of that, but I'm not so sure that that is the sole purpose in the withdrawal of Atlantic Richfield.

What their purpose is, I don't know. Of course, we have to accept their decision that it was increased costs. I don't think anybody will question that there is an escalation of costs, but I frankly question very much if these have doubled. However, maybe I'm wrong and maybe they are right. But again I question whether we could solve that problem by talking about it in a Public Affairs Committee. Whatever the costs are, they are there.

The last problem, which I don't think we could gain much by discussing further, would be the contract. I supported the contract conceived by the present government. I thought it was a unique method. I supported it for another reason, because this is a risky business. We know that when Great Canadian Oil Sands thought they had their process pretty well foolproof, the 50 and 60 below zero weather put a crimp in their operations to the point where they almost folded up. They had to secure some money back from the former provincial government, and I believe the present government has also considered giving some money back because of the very tough winter last year.

So there are wrinkles in all of these things, bugs that have to be resolved and taken out. But this contract, which I have outlined to the people of my constituency at these various meetings, has been generally accepted.

There have been a few odd dissenters who felt that this was wrong, but the majority of people thought this was a unique contract because, number one, the companies were free enterprises; surely they wanted to make a profit. If they didn't, I don't know why they'd be in the business at all. They can't make any money just breaking even. The only way they can make money under that contract is by making money, and then the people of Alberta get half of it. If they make a pile of money, the people of Alberta get a good wad of money, 50 per cent of it. If they fail, of course we get nothing but the company goes down the drain too. They go down and their money is lost.

I have always felt that many times our taxation system is unfair when it taxes people before they have even had a chance of making good. We reduce their opportunities to succeed by imposing taxes too soon when we actually want to get them on the tax roll. Here, I thought, was a good chance where they could get going, prove their process and then make some money for themselves, and incidentally make a good deal of money for the people of Alberta.

Well I don't see any purpose in discussing the contract all over again. We've had a number of sessions on that in the Legislature and while I say I support it for the reasons I've just given, other hon. members I suppose have an equal right not to support it.

I've outlined five items in the problem area and I question whether any of those could be resolved through a public affairs committee.

The next point I want to deal with for a moment or so is the actual development. Again I want to interpret the thinking of the majority of the people who attended my meetings - the meetings. They weren't mine, they were public meetings and people from all political faiths attended. They are not political meetings in the sense that one party attends; people from all parties and those who belong to no party attend and are free to voice their views as citizens of Canada and Alberta.

The thing that came up the most is, what's all the hurry about? Why do we have to develop the oil sands right now? A lot of Canadians are going to follow us. There's lots of technology that's still to come. The brightest brains haven't yet been born. The people say, why are you trying to rush the development of this great reservoir of oil?

Of course my answer to that was that while I'm not personally trying to rush it, I would like to see the development because the conservation board has indicated that in Alberta we have 13 or 14 years of conventional oil left at the present rate of use, and without finding any more.

I have every faith that we're going to find more conventional oil, but if we don't, Alberta and Canada are in trouble 14 or 15 years down the road. I know we probably won't be in the same trouble as many other countries. We have vast supplies of coal that are always there as a substitute. Even though it is not as good a substitute, it's a good substitute and a good source of energy.

But the people seem to think, why do we have to rush this. I think I would have to say now that I would like to see this project go ahead. I think it's in the interests of Canada and the interests of Alberta that it go ahead. But it's not a matter of life or death and I don't want the Government of Alberta to be blackmailed into going ahead if it's going to be to the detriment of Albertans presently living, or Albertans not yet born.

I think the Government of Alberta, as the government, has the responsibility to look after the interests of Alberta and Albertans, those who are here now and those who are still to come. I have no reason to believe that the government will not follow that course of action. The very life of any government depends on following sound objective courses of that nature.

So I believe the government will do everything it can to get this project back on the tracks, but I would not want them to compromise on basic principles simply to get the development at this time. I think there are other things we can do for energy if we have to. So I say that it's important but it's not a matter of life and death. The world will not end if these companies drop out and say, we will not cooperate, we will not do this without great concessions from you, and so on and so on. If they said that, well I would be inclined to believe that the government would say well, it's too bad; we'll have to part company. We want the development but we're not going to give them away and we're not going to give away the future of our citizens in this country.

So the world will not end if this company should back out. They've signed a contract with the government. The government is not backing out of the contract. These free enterprises which put so much stock in the sanctity of contract are the ones talking about backing out.

I can't say my sympathy is with the company, my sympathies are with the government which is looking after the interests of the people of Alberta, not the profits of a few shareholders of these international corporations or Cities [Service] Ltd.

Again, while I might be suspicious at times of the international oil companies, I'm not against them. They have made a great contribution in helping to develop our country and I want them to have another opportunity. But I want them to do it within the terms and conditions that are going to give the people of Alberta and the people of Canada a proper break too. I believe that is what the contract they have entered into will do.

So, again, it's not the government that's backing out. If the government was backing out of this contract, I could see some purpose in calling certain ministers to give an account of why we were backing out. But it isn't the government that's backing out. The government is prepared to go ahead on the basis of their contract.

But surely we, as legislators, are not going to ask the Government of Alberta to go ahead at any cost. I certainly can't. The people of my constituency don't want this development at any cost. They want it at a cost that's going to be fair and equitable, fair to the people of Alberta, fair to those companies and fair to the people of Canada. I think that's the proper procedure.

In the matter of development, again I mention that surely all the technology in regard to this hasn't yet been found. Surely there are still brains that are thinking. Maybe in their labs they're still working on methods of developing and separating these tons of sands from the oil, or the other way round, the oil from the tons of sand. Again I say, while this is possibly the greatest reservoir of oil in the world, we're going to need oil for a long long time and I don't think it's essential that we develop it all today or tomorrow. Let's spread it over a few years because there are plenty of Canadians to follow us who can use it.

Summing up that second point on development, again I want to say it's important but the world will not end if the companies just simply refuse to go ahead. Nobody's going to get a gun behind them and tell them they have to go ahead, even though they themselves should be most earnest about not breaking a contract into which they entered of their own free will - nobody forced them into it, they did it of their own free volition.

Well the third point I'd like to mention is that I believe this is an opportunity for Syncrude, in spite of what Atlantic Richfield says. I think it's an opportunity for Syncrude to show the people of Canada and the people of Alberta that they honor their contract; two, that they know what they were doing when they entered the contract - they signed it - and three, that they have faith in their own technology, the technology they planned to develop in separating the oil from the sand. So it's an opportunity.

I don't think it's something so full of risk that they should be backing away. I think they've got an opportunity of a lifetime and if I were a member of any one of those companies I would look with a lot more favor on the risk at Fort McMurray, even with the present inflation and the present costs, than I would at developing oil in some other parts of the world where there's a grasping government waiting for them to succeed and then nationalize it. They don't have to fear that here in Alberta.

[Interjections]

Well I know they don't. I'm not going to be flippant. I just would not believe that the present government would nationalize the oil sands. They're not socialists.

[Interjections]

Well, you can believe what you want to believe. I don't believe they are. I believe they're free enterprisers the same as we are.

And this was the message from my people too: is the government doing this in a free-enterprise way? That is what they want. I had no support for the recommendations of the hon. Member for Spirit River-Fairview about nationalizing. As a matter of fact some people - not a majority, but some - said we don't think the Alberta government should put any money into Syncrude. I personally lean that way because I think you have to have the master-servant arrangement.

So there's an opportunity for Syncrude, and I think there's an opportunity for Syncrude to make a profit and a big profit. Sure there are risks involved, but they have a chance of getting 50 per cent of the profit too; and just as long as there's going to be proper bookkeeping, which the Provincial Treasurer assures us would be carried out, then surely Syncrude when they entered into this contract thought they were going to make a profit, and I believe they still can.

Sometimes these estimates of costs are not too fair: they're always a little on the high side if they're wise, because they don't know what's going to happen tomorrow and how bad inflation is going to be tomorrow. So in my view it's an opportunity for Syncrude to show what it can do and also to show that it can make a profit for its shareholders.

I also believe, and this is another point I want to make, that this is an opportunity for the Government of Canada to show its hand. The Government of Canada has, I believe, more than \$800 million that came from a resource that belongs to the people of Alberta. The hon. minister, Mr. Macdonald told me, when I made a trip to Ottawa at my own expense a few months ago to discuss this matter because I was afraid they were going to use this money in general revenue and I thought that was completely wrong. But he said, no we're not going to use it in general revenue, we're going to give a third of it back to the producing provinces, we're going to give a third of it into a fund for research, and he mentioned the Canadian oil sands - the tar sands - particularly, and other exploration in Canada. He did make it very clear he didn't intend to have it all in Alberta and I didn't have any particular objections to that. But this is Alberta's money. It came from - some from Saskatchewan, but mostly from the resource which belongs to the people of Alberta.

I think here is an opportunity for the Canadian government to put some of our own money back into the development of the oil sands. I'm not particularly concerned whether they do it through Syncrude or whether they do it with another contract with the Alberta government. But I think they should do it. I was glad to hear the statement of the hon. minister from Ottawa, yesterday I believe it was, when he said they are taking a very careful look at this. Of course they are handling money that belongs to all the people of Canada and they properly should do that.

To sum up the whole thing, I believe the spirit of the resolution is good. It wants to resolve the problems. I want to resolve the problems too. I don't think a public affairs committee would resolve the problems. If I was one of those companies and I was called before a public affairs committee in the middle of negotiations, I would drop the whole thing like a hot potato. I'm sure they will too.

This isn't the time to have a public hearing. At some time in the future I'll be all in favor of a public hearing when we can analyse the whole thing that has happened. But now we are in a position where things are happening. Negotiations are taking place. We don't know what is going to happen tomorrow. Let's not throw a monkey wrench into the negotiations that might frighten the capital away that we are looking for in this development.

So I say the resolution is well intended. I don't think the timing of it is good. At some time in the future it may well be wise to have a public hearing into all aspects of this when we try to find out how money was spent, what actually took place and so on. But now is not the time for the newspapers and the television to be broadcasting what Syncrude is going to do; what the government is going to do. This is blabbing and it's not going to result in investors' confidence or any other kind of confidence. It is going to frighten people away. We have people whom the people have elected carrying out these negotiations on their behalf. Why not give them the opportunity to complete those negotiations in the interests of the people of Alberta. If we have fault to find after that with the way they have done it, certainly let's have all the public affairs committees we want. But at this stage I would say the timing is bad. We are in the middle of negotiations. As well-intended as the resolution is, it is my view that we should not have a public affairs committee at this time. We should let the government negotiate with the hope that they can get this thing back on the wheels.

In conclusion, again I want to say that as far as I'm concerned I don't want the government to feel they have orders from the Legislature of Alberta that they have to get this thing back on the wheels at any cost. I'm not in favor of it at any cost. I'm in favor of it if it can be done with the interests of Albertans and the interests of Canadians kept well in mind.



DR. PAPROSKI:

As I enter into this debate on this motion, Mr. Speaker, from the outset I want to make it clear that I reject this motion to refer [the] Syncrude Canada Ltd. project to the Public Affairs Committee. Mr. Speaker, at the same time I would hope and expect that Syncrude will in fact go ahead if it is feasible. Plant No. 2, when and if it is completed, will extract oil from the Alberta tar sands, a reserve of some 900 billion barrels. I understand, Mr. Speaker, that approximately 200 billion barrels are extractable now with the present known technology. In Canada, Mr. Speaker, we have 1,000 billion barrels and this represents nine tenths of Canada's reserves. The immense importance of another tar sands plant, therefore Syncrude, becomes readily apparent. The importance of exporting oil to other parts of the world - and we know very well, Mr. Speaker, that 90 per cent of the crude oil is exported from Alberta and 80 per cent of Canada's oil is in Alberta, and 84 per cent of the natural gas is in Alberta, and we export also 84 per cent of our natural gas. To keep this importance, the importance of Syncrude, relative to other items, Mr. Speaker, I think is very important. Some of the hon. members already have made comments in this regard.

Now the Alberta Progressive Conservative government has a natural resources policy regarding security of supply, fair market value, the protection of the environment, and of course utilization of these funds for services now, and especially for services for future generations.

Mr. Speaker, there are other items that are also important: to help the needy, not the greedy; an opportunity for individuals to assert themselves; education for all, for the individual who is disadvantaged as well as those who are normal; an economic policy and attitude towards the Bill of Rights; an ability to pay taxation; a responsive government; a housing policy and environment policy; support for senior citizens; and recreation. These are things, Mr. Speaker, that the Alberta Progressive Conservative government is attuned to ...

SOME HON. MEMBERS:  
Order, order.

DR. PAPROSKI:

... in addition to Syncrude. I must say that the Alberta tar sands and Syncrude are important indeed, but it's not the be-all or end-all. But as the saying goes, it sure would help, especially for those things, Mr. Speaker, that I have enumerated. But I suggest, Mr. Speaker, that these items that I have enumerated, which is the direction of this government, are being carried out in spite of and despite Syncrude.

Having said this, Mr. Speaker, I'd like to turn to Syncrude specifically and say, this is a major project. Nine tenths of Canada's reserve, the biggest single project in Alberta's history, which will produce countless hundreds of jobs, it's estimated from 1500 to 2500, and 8000 indirect jobs, plus countless other jobs and services, and help industrialize northern Alberta and assist in the decentralization of our industries.

Mr. Speaker, this project encompasses another concept too in economics, the concept of the Alberta Energy Company, government, free enterprise, the individual. If people choose, they can in fact take a risk and participate and invest, invest in a risk company. I think that this also should be remembered. Mr. Speaker, hon. ministers, hon. members, the new economic formula of the Alberta Energy Company, the individual free enterprising government, is under stress and strain because of the stress and strain of inflation, the economics and so forth.

Mr. Speaker, if this is passed on to the Public Affairs [Committee], it will serve no purpose. It will only add to further threaten the historical major project by way of uncertainty and possible delay. Mr. Speaker, Syncrude is not the key link for industrial diversification. There are other things like agriculture, tourism, petrochemical industry, and so on. These things should be looked at in totality. I feel that the Social Credit opposition member who proposed this realizes and should realize that it will only serve as a delay if we put it in public affairs, for we already have a review going on by five various professional groups which will serve to give us the information that is necessary to make a sound judgment based on the multiplicity of reports that will come in in short order.

So Mr. Speaker, I reject this motion, which is a tactical Social Credit delay.  
Thank you.

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

MR. SPEAKER:  
It being 5:30 of course the hon. member doesn't require leave.

AN HON. MEMBER:  
It's one minute, one minute.

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

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



HON. MEMBERS:

Agreed.

MR. SPEAKER:

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

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

