

Legislative Assembly of Alberta

Title: **Thursday, May 21, 1992**

8:00 p.m.

Date: 92/05/21

head: **Committee of Supply**

[Mr. Jonson in the Chair]

MR. DEPUTY CHAIRMAN: I would ask the committee to please come to order. Order please.

Chairman's Ruling Procedural Irregularities

MR. DEPUTY CHAIRMAN: Prior to calling on the Minister of Energy to deal with this evening's scheduled estimates, the Chair would just like to make a brief comment with respect to the circumstances surrounding yesterday afternoon's late adjournment. The Speaker has commented at some length about the circumstances that I have referred to, and for those who may not have been in the Assembly this afternoon, I would refer you to *Hansard* of this afternoon. However, I would also like to add as chairman that the Chair recognizes that other alternatives could have been used yesterday afternoon; as an example, simply stopping the votes after the first or second vote, whichever one was closest to 5:30. The Chair will endeavour to ensure that the appropriate adjournment time in committee is adhered to in the future.

The other matter that I would like to mention is that a question has been raised with respect to the status of the votes taken yesterday afternoon in committee. These votes were not reported, and therefore unless the Committee of Supply has the opportunity to return to the consideration of that report to the Assembly in the usual set of circumstances, those votes would be included under the omnibus motion which is frequently passed at the end of estimates by the Assembly.

head: **Main Estimates 1992-93**

Energy

MR. DEPUTY CHAIRMAN: All right; this evening we are considering the estimates of the Department of Energy, and they're located in the main estimates book starting on page 121 and in the element details book commencing on page 43. I would ask the hon. Minister of Energy if he has any opening remarks.

MR. ORMAN: Thanks, Mr. Chairman. I was here yesterday afternoon, and I think you did a fine job. No apology necessary. Just trying to get the work of the House done. Sometimes when businessmen get caught up in politics, it doesn't always go the way that you think. I recognize that the Chair was trying to do it in a businesslike manner and was being obstructed by the NDP opposition. [interjections] In that I'm giving my estimates, I don't want to antagonize the opposition and protract the debate unduly.

Mr. Chairman, I'm pleased to submit for your review and the committee's review the Department of Energy and the related agencies, which are the Alberta Petroleum Marketing Commission, the Alberta Oil Sands Technology and Research Authority, the Alberta Oil Sands Equity, and the Public Utilities Board. As you are aware, the Energy Resources Conservation Board reports to me as Minister of Energy; however, it is contained in the estimates of Executive Council. Therefore I would defer in making my comments on the ERCB to such time as the Premier's estimates come up.

Mr. Chairman, in keeping with our government's commitment to be efficient and streamline our operations, the Department of

Energy is seeking an allocation of \$39,752,000, which represents a 12.2 percent reduction over last year's estimates. The major contributors to this reduction are supplies and services, which are reduced 11 and a half percent, and grants and appropriations, which are reduced \$4.8 million, which is largely represented by a wind down of the OSLO Alberta oil sands project.

The estimates for the entire Ministry of Energy and reporting agencies are \$70,627,000, which is an increase of 5.2 percent over last year. Mr. Chairman, this is largely due to a \$9 million increase in funding to AOSTRA, a situation which I'd like to address later on in my comments.

Mr. Chairman, I think it's significant to note that the Energy ministry has seen its total budget reduced 50 percent, or \$60 million, since 1985-86, and at the same time we have been able, in my view, to maintain an exceptionally high level of service to the public at a time when high service levels to the energy sector are important due to the complex nature of the industry and changes that are occurring internationally, nationally, and locally that affect the future of our industry.

There has been a decline in activity. There has been significant restructuring. This is a result of a global recession accompanied by low commodity prices. Many firms are rationalizing and downsizing, and government should be and is doing the same thing. I'm pleased to be able to say that our department and its agencies have demonstrated their commitment and resolve to the budget restraint program while at the same time being able to respond to the complex nature of the industry.

I'd like to compliment the executive management: the deputy minister, the assistant deputy ministers, and the chairpersons of the agencies that do report to me. They have done a remarkable job in the face of very difficult fiscal times. I'd also like to compliment the staff of the department and the agencies, Mr. Chairman. Obviously, without their support I would not be congratulating the executive management. It is really a team effort and an important one at that.

[Mr. Schumacher in the Chair]

Mr. Chairman, in 1992-93 the estimated revenues for energy resources will be \$2.084 billion, which is now about 18.6 percent of our total provincial revenue. The nonrenewable resource revenue was down nearly \$1.2 billion from the original budget estimate. Natural gas has dropped sharply, and oil prices have weakened, and that is the major contributor to the revenue scene obviously.

Mr. Chairman, there's a general trend in Alberta's energy resource revenue that has been observed over the past five years, and that trend is a reduction in revenues to this government. As a matter of fact, between 1980 and 1986 we had twice as much energy revenue to deal with in our provincial budget. So we are now dealing with half of the revenue that we had in the first half of this decade, and I daresay no other government in Canada has been faced with that type of significant revenue reduction over that short period of time.

8:10

We estimate that crude oil royalties will be \$1.06 billion, Mr. Chairman, and that synthetic and bitumen will be \$50 million. With regard to natural gas and by-products, we estimate that royalties will be \$595 million, which represents a decrease of \$44 million in comparison to last year. This is because of weak gas markets for the reasons I've indicated, not to mention climatic impacts. We've had in the last four or five years very unseasonably warm winters on the North American continent, and that,

coupled with the recessionary trend, has had a negative impact on natural gas sales.

At the same time, there is a good news in bad news, and the good news is that with lower prices we have been able to markedly increase penetration of natural gas markets; that is, we are backing our U.S. competitors out of their traditional markets at these lower prices because we can deliver gas at these lower prices. Not at a big profit, Mr. Chairman, but the importance of it is that we are increasing the market share.

With regard to coal, coal revenues will be about \$18 million, and that is pretty much the same as it was last year, and we expect prices and market conditions to remain stable for '92-93. We expect revenues from rentals and fees to be about \$110 million. This is down by \$4 million over last year. The sale of Crown leases and bonuses is expected to be \$235 million, which represents a decline of \$20 million over last year's numbers.

Mr. Chairman, as I indicated earlier in my remarks, we are seeing very difficult times for the energy sector in this province for the reasons that I've indicated, and it's not confined to this province. The provinces of Saskatchewan and British Columbia and to a lesser extent Manitoba are feeling the same type of squeeze as a result of lower commodity prices. I would say that to a greater extent the southwest producers in the United States, the lower 48 state producers, are also having a very tough time of it, and that's obviously exacerbated by our ability to take away some of their natural gas market.

We're committed to a healthy energy sector, Mr. Chairman. It's important to our future, and for that reason we announced a crude oil exploration and development program which was designed to encourage activity. It was essentially a royalty holiday for wells that qualified. Wells that are drilled up until March 31, 1993, will be eligible under the royalty holiday program for a variety of incentives; that is, forgoing of provincial royalty.

With regard to the royalty calculation and the complex nature of the royalty system, we are working very diligently with the industry to come up with a less complex royalty calculation. New technologies, such as the horizontal drilling that is occurring, which has new environmentally attractive technology, are also requiring us to make changes in terms of how we assess royalty on Crown production.

Now, Mr. Chairman, these initiatives are not a panacea, and we will continue to review further options. We should know that there is only so much fiscal capacity that the government has to address the nature and the state of the energy industry, and I should also state as a footnote, Mr. Chairman, that not everyone . . .

REV. ROBERTS: Mr. Chairman, the sound has gone off, and I cannot hear the minister.

MR. CHAIRMAN: It would help, I guess, if the background noise in the committee was lowered as well.

MR. TAYLOR: I can hear everything, Mr. Chairman.

MR. ORMAN: Yes, but are you listening, Westlock-Sturgeon?

As I was saying, these royalty holidays are not a panacea. The industry must remain competitive, and at the same time, as I was about to say as a footnote, not everyone is doing badly in the oil and gas sector. I was reading just recently where Renaissance Resources has raised just under a hundred million dollars through a share offering. Companies such as Morrison Petroleum are examples of companies that believe that the environment today is good for juniors and independents; that is, they're able to compete

with the majors in terms of land sales and cost of doing business. That includes the royalty structure. That doesn't mean to say that we're ignoring the economic rent. Governments should continue to assess economic rent on a regular basis and determine whether or not it is too high given the current state of the economy or in some cases whether it's too low. That's the nature of the tax regime, and governments should view economic rent as nothing that's ingrained or entrenched and from time to time should become sensitive to the economic conditions. As we know, Mr. Chairman, there are a number of people across this province who derive their livelihood from this vital industry.

I pointed out to you that we are making inroads into the United States and other parts of Canada, increasing pipeline capacity, and our government will continue to support in the strongest possible way the natural gas industry's attempts to gain a further market share. We have abundant supplies of natural gas in this province, Mr. Chairman, 50 years at the current rate of production, and if we can move some of the inventory off the shelf, I know there will be more reserves discovered in a rush to replace them as they're sold. It's just the way the marketplace works.

With regard to oil sands, this is an imperative for the province of Alberta: to continue to develop more oil sands. Currently 20 percent of Canada's crude oil supply comes from synthetic crude oil, and we must make sure that it is vital and that it continues to play a role in Canada's security of supply and a role in the gross domestic product of this province. As an example, the Syncrude project has made a significant contribution to our economy. At the end of January of this year there have been over 5,000 employees and contract people working for Syncrude. The project has generated 16,000 direct and indirect jobs and annually contributes \$1 billion of spending into the Canadian economy. Mr. Chairman, Alberta's 16.74 percent investment in Syncrude has yielded an \$82.1 million profit for the 1990-91 fiscal year. This is an extremely important aspect and is overlooked in many quarters of this country in terms of its contribution to the health of the energy sector.

This brings me to the disappointment of OSLO. Alberta has always been concerned that this project is not phased in in terms of the strategy for energy development in this country, despite the province's protestations. We do not have in the province of Alberta the fiscal capacity, nor the inclination for that matter, to totally fund this project because it is a national project, as I've indicated from the statistics I've given to you on Syncrude. So this project has been put on hold indefinitely. If it goes ahead, it's when it goes ahead, Mr. Chairman.

The Lloydminster biprovincial upgrader, another key in the economic development strategy of this province, is slated for completion later this year. Construction progress has reached 82.3 percent. There are 3,500 people employed, many of them living in the province of Saskatchewan, and when this project is completed, it will be able to refine 46,000 barrels of synthetic crude oil. The current forecast of the upgrader is \$1.628 billion, and this includes cost overruns. Our equity share is 24.17 percent. Mr. Chairman, we believe in this project despite the fact that it's not located in this province. Alberta has honoured its full financial commitment to this very important project and will continue to do so through to completion.

8:20

I should point out to hon. members that the biprovincial upgrader is now processing crude oil, not a lot, but it is now in the stages of start-up and just ironing out the wrinkles. So it will be under way before long, and it will be an important part. We'll look back, Mr. Chairman, at the biprovincial upgrader and the

importance of this project in the future with fondness in the same way that we speak of Syncrude today and the contribution it makes to the Alberta and Canadian economies.

Mr. Chairman, we are also involved in what is called the western economic partnership agreements. This is a four-year, \$10 million mineral development program with the federal government. The estimates for this program are contained within the Department of Federal and Intergovernmental Affairs. However, we see this as an opportunity to stimulate economic activity in the industrial and metallic mineral sectors in this province. It will provide a solid base of geological and resource inventory data. The budget associated with this important program, as I indicated, is contained in the estimates of FIGA.

On the renewable energy side, Mr. Chairman, I'm very pleased with the results of the southwest Alberta renewable energy initiative. I look for the Member for Pincher Creek-Crowsnest. He is here and, I know, hanging on my every word about this project. I cannot take credit for this project nor can my predecessor, Neil Webber. This is a result of the push and the desire by the Member for Pincher Creek-Crowsnest to advance this initiative and the commitment of the Premier to follow up on it. I must frankly stand here baldfaced and tell you that this project has improved and grown at a much greater rate and with much more success than I had anticipated when I announced this program.

The projects are involved in exploring the potential of solar and wind primarily at this particular point and are slated to generate electricity into the provincewide grid. Currently there is an investment of \$36 million under this program, and that has been leveraged up by only \$2.4 million of provincial funding, or 6.6 percent of the total cost of this project. Now, this is the essence of what government should be doing: to find a part of the province that is economically in need of some new ideas, bring forward a new idea that has a great deal of environmental sense to it, and be able to leverage up on a 15 to 1 basis in taxpayers' dollars to create this fine initiative.

The Clean Air Strategy for Alberta, which was jointly managed by myself and the Minister of the Environment, is also another success story. This is a success story that involved broad public participation and resulted in a comprehensive plan for action that is responding to environmental impacts of energy-related emissions with a continuing involvement by all stakeholders. As a result of the clean air strategy, we took word for word the recommended position for greenhouse gas emissions. The Minister of the Environment presented it as Alberta's position with the Canadian Council of Ministers of the Environment. We're very proud of this process. We're able to bring together industrialists, representatives from the electricity industry, the Canadian Petroleum Association, environmental groups, municipalities and ask them for a reasonable position on global warming. They gave it to us, and we adopted it without any hesitation, Mr. Chairman, and we will be moving in a follow-up way to adopt other recommendations from the Clean Air Strategy for Alberta.

I should also point out that the part of my department that is responsible for environmental affairs and energy efficiency is one of the few areas in my department that did not experience budget reductions for 1992-93.

With regard to electricity, the EEMA review is under way. We've responded to concerns expressed by Albertans across the province as to the operations of the Electric Energy Marketing Act. This will be a multiphased public consultation process, and we look forward to the results. It's not going to be easy, Mr. Chairman. The concerns for EEMA cross party lines. We hope that they can come up with a balanced view that will be satisfactory to all Albertans, and given the quality of individuals participating on this panel, I'm sure that will occur.

Mr. Chairman, earlier in my remarks I referred to a \$9 million funding increase to AO STRA. You should know that AO STRA is jointly funded by the industry and the research authority, at least the projects that it embarks on. It had an accumulated surplus in 1991-92 of \$14 million. We asked the authority to take a budget reduction and use their surplus. Due to this decision and in recognition of the agency's \$13.8 million accumulated surplus, the government funding for '91-92 will be \$20.8 million, comprised of the surplus plus a \$7 million grant.

The Petroleum Marketing Commission has a marginal increase of 2.6 percent; the Public Utilities Board, much the same. The Public Utilities Board, much the same as the Energy Resources Conservation Board, is jointly funded by industry and government. The government's share is one-third.

I want to close with a few comments on my recent trade mission to the Persian Gulf. Frankly, Mr. Chairman, I believe that government could use a minister responsible for international trade whose sole responsibility is international trade. I had my eyes opened. Coming from the oil and gas sector before I came into government and understanding the opportunities internationally, I had no idea of the opportunities and the respect with which Albertans and Canadians are held in the Middle East. Our mission began at the OPEC meetings, where I had an opportunity to meet with the minister of oil from Algeria, who is looking at the possibility of sending a team over to Alberta with a view to opening up a trade office here, a procurement office much like the Iranians do with Kala Naft. Those are really the types of linkages we need. I then moved to Saudi Arabia, Kuwait, Iran, United Arab Emirates, and finished in Yemen.

Mr. Chairman, I just wanted to speak for a moment about some of the successes of this trade mission. These are comments that were passed on to me by some of the 16 members of that mission. Ener-Rig Electrical had never been in the Middle East, and they received three bid inquiries in Kuwait and 16 in the kingdom of Saudi Arabia and are very pleased with the results. Alco Gas & Oil also met with potential agents, and they had a potential sale of separation equipment for oil cleanup in Kuwait. Canadian Fracmaster reached an agreement with a local Kuwaiti for a joint venture and on this mission presented a bid on some down-hole tools. ATCO Enterprises completed a \$10 million project with a national Iranian drilling company, and Ber-Mac Electrical has potential project sales of about \$2 million in Iran. I.P. Constructors were on a bid list for a \$15 million project, and they are working with the Export Development Corporation to secure \$120 million worth of funds. I also had the opportunity to speak to the chairman of the Abu Dhabi national oil company for Delta Projects. They were bidding on a \$1 billion on-shore gas processing facility that would result in 1 million man-hours of work in the province of Alberta, and that was very timely, Mr. Chairman.

8:30

I know that the hon. Member for Edmonton-Centre will be dying to know what the cost of this trip was to my ministry. With the tens of millions of dollars of opportunities and the \$1 billion project in Abu Dhabi, Mr. Chairman, the total cost to my department for this mission opening these opportunities was just under \$28,000. That is much less than the millions of dollars that the member referred to in question period, but my experience here in six years is that exaggeration does not escape the New Democratic Party.

Mr. Chairman, I'm very pleased to conclude with the results of that trade mission, because it's a reflection of what is happening today around the world. We can't sit here on our hands and mope around about a lack of opportunities in Alberta or Canada or the

North American market. We have to look beyond there. Government must be a facilitator. As I've indicated, these jobs are here in Alberta despite the fact that the procurement happens around the world.

To conclude, Mr. Chairman, I was on the deck of a Dresco rig that is manufactured here in Edmonton. They have sold two rigs for about \$14 million to Kuwait, and they were in the process of selling another two rigs for about the same amount. These are manufactured here. Parts are brought to the province of Alberta and manufactured, and these rigs are transported and sold on the international market. It's a reflection of the respect that the international marketplace has for Alberta goods and services.

Thank you very much.

MR. CHAIRMAN: The hon. Member for Edmonton-Centre.

REV. ROBERTS: Thank you, Mr. Chairman and members of the committee, and I thank the minister for his overview of the estimates for the Department of Energy tonight. As members know, this is my first time addressing Energy estimates on behalf of the Official Opposition, and I'm very pleased to participate. In fact, I have a number of questions about what is one of the most vital and necessary and difficult areas of our provincial life and now of course our provincial budget.

Being new, Mr. Chairman, it's interesting the kind of first impressions one gets about this area, particularly this field, in terms of what's going on and what's not going on. I just have one impression that I would like to try to help to work at. Even within this Legislature, there doesn't seem to me to be as full and wide-ranging a debate on energy issues as I would have thought would occur in the Alberta Legislature. Of course, we have a number of people from the farming, agricultural community, and we get healthy debate on that. We've got people from social services and human sciences, and we get debate on that. But when it comes to Energy, we don't get a lot of time for debate. I certainly hope in my time to be able to widen that debate and to shake up a few things and ask some questions and to get more people involved in, as the minister's already outlined, a number of complex and difficult questions which we as stewards of the resources of Alberta and the people of Alberta need to be clear about.

I do also want to acknowledge my sense of loss of the Member for Calgary-*Buffalo*, who in my six years here previously I always looked to as someone who was very outspoken and very concerned and committed and had great experience in terms of energy and energy issues. I certainly feel his loss very much in this debate here tonight.

On the other hand, I am certainly indebted to many in the industry, and one of the impressions I have, Mr. Chairman and members, is that the people in the industry itself are incredibly helpful and hospitable whether they're from the Canadian Petroleum Association, the Independent Petroleum Association, SEPAC, the oil well drillers, the Energy and Chemical Workers Union. The variety of associations of people in the industry and in the field I have found to be very open and very helpful and very approachable throughout, as well as dozens of individuals who have been informative and creative and concerned. I certainly hope that I can speak up on their behalf, as we want dutifully to do as members of the Official Opposition.

I also want to say how indebted I am to the Member for Calgary-*Forest Lawn*. I appreciate his insight and counsel, having been our Energy critic over the last five years. I certainly want to build on his approach and his position with respect to the energy field and where we need to be moving. The message I think we want to get out between the Member for Calgary-*Forest Lawn* and

myself is that when it comes to energy policy, New Democrats are responsible to the people as well as reasonable with the industry, and we want to work in the spirit of openness and fairness and co-operation.

To that end, Mr. Chairman, I just want to advise the minister and other members here tonight who may be interested that we have planned a full meeting of New Democrat energy ministers from Ontario, British Columbia, and Saskatchewan in Calgary on June 27 to talk with leaders of the energy field and industry as well as among our ourselves, as we want to be leaders in terms of a coherent and consistent energy policy for Canada and particularly for the producing provinces. I know it might be difficult for the minister to find time to come, but I'd like to invite him. I know that when he meets with other Conservative energy ministers these days, it's probably a pretty lonely meeting. I think it's just him and Mr. Epp getting together. We're concerned and committed to working co-operatively in this very important area of public life in Canada and in Alberta.

In terms of the details of the votes in the department here tonight and the short time that we have, I want to say at the outset that I will not be raising concerns about coal or electrical power or the Public Utilities Board or the EEMA review as that is ongoing, as the minister has outlined – it is a very important review that we're monitoring, and we'll certainly have debate in the months and years to come on that – or the issue of California natural gas sales, as that's already been addressed with Bill 8 and the rest.

I do want to begin by referring to vote 1.2, about the finance and administrative services of the department, Mr. Chairman, and to say something I think is rather controversial and perhaps politically unpopular. I want to say that I don't like seeing these reductions in amounts going to departmental officials and staff. I know it can be politically popular to say, "Well, we have to cut back on the public service, we have to freeze their wage, and we have to reduce FTEs in government and in departments." In my view, Mr. Minister, if we're going to continue to attract and to retain top-notch people to serve us and to serve this province, particularly in the energy field and with the stewardship that we have over energy resources, they need to be paid and paid well and paid competitively to rates for top-notch people in the energy industry itself. I want to stand up to those who say: "Let's cut back on them. Let's nickel and dime to death our senior officials and staff." I think it's true either for officials or for others who serve the public that if you pay them peanuts, you end up with monkeys. We don't want that. We want innovative, experienced staff who surpass performance appraisals and who have to be well paid, or we're going to lose them and lose their commitment to the job. So the decreases for departmental staff, I think, need to have a second look.

In terms of the minister's own office, I see that the deputy minister is being reduced, and I don't quite know why that's the case. Again, I think that if he's doing a good job and passing performance appraisals and the rest, as the minister has said he's convinced he is, these offices need to be strengthened.

8:40

Energy Communications is down marginally, which I think is a bit of a contradiction from what I read in the budget. The new commitment that we in the Official Opposition have asked for is to have – I think it says "regular." We were hoping for quarterly updates in terms of where we are with the revenue flows, whether it's from land sales or royalties, revenues to the province. It's just not fair to come to the end of the year and try to be guessing as to what amount we're going to be out. The Treasurer has said that

with the Minister of Energy he's going to be having updates regularly throughout the year so we know where we're at. If that's the case, then why is the communications budget down? We need more communication, not less. We need to have a monitoring situation, not be saving the bad news until the end of the year.

As for the minister himself and his office, I guess it's kind of difficult how best to do a performance appraisal of the minister. I did go through the *Hansard* of the debate on the Energy estimates this time last year, Mr. Chairman. I don't know if the minister has read it himself recently. It's quite instructive, and I think it quite shows how badly, how incredibly out of touch the minister was with his sense of the industry and the royalties and the amount of nonrenewable resource revenue that was coming to the province and how his credibility on this issue has now deteriorated quite badly. I know he can throw up his hands and say, "Well, it's a world recession, and it's not my fault," looking at and blaming everybody else. There were those at the time who said, "No, you can't keep having a high price for a barrel of oil in the aftermath of the Persian Gulf war; prices are going to come down," but this minister and the Treasurer decided to keep it up at \$23 a barrel.

Here are four points, Mr. Chairman. The minister last year said: we pick \$23 a barrel. What happened? It came in at \$21.46. He said: we're going to predict \$1.3 billion in natural gas revenue, whereas in fact that was off by close to \$600 million. The Crown lease sales, he said, would increase to \$575 million. Again, way off and down even further this year from their estimates. They said how drilling was going to increase, Mr. Chairman, new activity and exploration in the patch. Well, we know that that's not the case, that there were declines and even further declines this year as the sector responds to lower prices and high royalties and the difficulties currently out there.

The fifth point is that the minister predicted overall: don't worry, Albertans, and don't worry, members of the Legislature. Last year at this time he said that there'd be \$3.23 billion in revenues from the energy sector when in fact it came in at \$2.05 billion, \$1.2 billion out. What kind of lack of forecasting ability is that? What kind of credibility can one have to be out almost a full quarter in terms of that kind of estimate?

I think it's bad marks for the minister. It's not a very strong performance that can be appraised to be in any way approved by the people in the Assembly here tonight. It shows just how badly out of touch he and the Treasurer are together.

Also bad marks in terms of the traveling of the minister. I don't begrudge the fact that the minister goes out and does this traveling, which I agree is very important, and the networking which needs to go on. It's just that it's difficult, I think, for us and for people who want to know what's really going on not to have any itinerary, not to have any announcement about this trip coming up, even the cost of it, to allay those fears, to know what the benefits are that the minister's going after and the rest. I mean, there was all of a sudden a *Globe and Mail* report saying that the minister was over there, and we find out after the fact what the cost was, what the itinerary was, and what some of the benefits were. I think that if these trips are well planned, as I say, I don't begrudge the minister. They should be announced before with a full itinerary and costing.

So, Mr. Chairman and members, I think that there's just been on behalf of the minister a real lack of accountability and a real loss of credibility, so I have no problem at all with cutting back on him and his office by 3.7 percent tonight. In fact there are many who think that what this represents from this government is such a loss of accountability and credibility that it's time for an election to get some new blood over there at the helm of government.

In terms of royalties and my question yesterday to the minister about the royalty rates and review, I'm getting impatient. I know many I speak to in the field are also very impatient. It's not easy just to sit around and wait for, as the minister says, news at 11. We know that the temporary royalty holidays have not worked and are not working. The incentive programs as we've had them over the last decade or so have not worked and are not working. I take it that there is some success with the ARTC, the royalty tax credit. That seems to be a somewhat successful initiative. We hear constantly about just how complicated the royalty structure is for people in the industry to work through with all kinds of accountants and those involved in trying to simplify it. There have to be other ways to go.

A book I have just recently been reading by Alexander Kemp called *Petroleum Rent Collection Around the World* shows a number of other options and ways of collecting royalties. I think that I agree with those who say that what we have is a royalty structure that was born in the '70s at a time of high rates of return and high profitability in the patch. Everybody was happy. It was boom times. But now in this environment we need to know how to reward success. We need to know how to be sensitive to price. We need, I guess, overall a move away from this ad hoc structure, this complicated structure, this outmoded structure to a full review that's going to be looking at the optimal solutions of structures that will give both the industry and the people of Alberta a far better way of approaching this very vital part of our provincial life and budget.

I want to commit to the minister that as far as I'm concerned this will be my and this caucus's number one priority over the next while. We'd certainly be prepared to work with him. There will be differences in emphasis and nuance in terms of how this review goes on and what to do with royalties, but fundamentally I think that it's a nonpartisan issue, that as legislators, as stewards of the resources here in Alberta we need to make producers, consumers, and government all better off. People throughout the province are convinced that in the current arrangement everyone is worse off, very few are satisfied, and a full review and a rearrangement I think is where we're heading in the next while.

On the drilling side one of the first impressions is how vital it is to get those roughnecks out there safely and productively in the field, whether it's through the enhanced oil recovery program or, as the minister has mentioned, the horizontal drilling. I had a tour of the new innovation of a hydraulic drilling system just outside of Calgary, and it's amazing. I think even rural members of the Legislature, Mr. Chairman, must admit that the activity in the oil patch, the drillers and the roughnecks and people out there, is something that isn't just helping the people in the city of Calgary or the Provincial Treasurer's coffers but is something that breathes life and vitality into local communities and helps everyone. I've learned a lot from the oil well drillers association and from the Petroleum Services Association. It reminds me of my time in health care and those who were involved in hands-on care. This is sort of the hands-on care side of the oil patch.

I think we need to do everything that we can to facilitate drilling, whether it's royalty restructuring or I'd like to point out to the minister an important suggestion that was raised with me about developing a central library of available geological and seismic data for drillers and explorers to facilitate their work and their success. I mean, it's not efficient and it's not fair to have such data fragmented or closed off and not accessible to certain ones who want to get out there and drill. Certainly with information systems as developed as they are and with the information that is available through seismic and geological data, to be able to pool that into a central library and make it available for those who

want to get out there and drill and explore I think would facilitate their work and make everyone better off.

8:50

On the pipeline side I'm also sort of eagerly awaiting what we've raised already in terms of the Nova review. I'm concerned as people I've talked to have said, "Well, it's nice that the minister has ordered this." They're not quite sure what teeth it will have, what weight it will have, or what consequence this review will have. Certainly, as I've outlined and argued, this method of incentive regulation or setting performance standards for utilities or for pipelines before rates and tolls are set, the kind of performance standards to be met and efficiencies to be found to pass on the savings of those efficiencies to both the shareholders and the users I think makes a lot of sense. I'm disappointed that the minister has not been a part of the discussions with the National Energy Board or taking this more seriously. I think it's an area where we really need to move and to find not just efficiencies in the private sector but efficiencies in the public sector. When it comes to utilities and pipelines, this is the way to move. I think we need, whether its through the Nova review or through the PUB, to get serious about efficiencies within utilities and monopolies and the public sector. I hope the minister hears that coming from a good New Democrat.

I wanted to also ask for some clarification on the issue between the proposed pipelines going down to the States, the Altamont proposal and the PGT proposal. I did drop in on an ERCB hearing one day and was fascinated by the evidence and the arguments on both sides of those pipelines of the people proposing them. I think the minister is still on record as saying, "Well, it has to be one or the other." I am open to those who suggest: why not have both? If there is such an increasing market share in the U.S., if there's such a surplus of natural gas in Alberta and Canada, if the Altamont line can't connect up with transmission points going to central and eastern U.S., why not both? I know that it could be too costly or have a lower capacity on each and that might be a downside, but I think there's an upside to the argument. Why not have both? What is the current status of those proposals in the minister's mind?

In terms of the megaprojects which the minister outlined, yeah, that OSLO is a tough one. The minister has responded somewhat to my questions about the current status and what our total exposure has been to it. I guess I would like, again on behalf of the people whose tax dollars have gone into it thus far, to know what can be saved or salvaged for the day when even in the minister's mind it can be economic and can proceed. It's sad to think that all the current spending, engineering studies, and so on are down the drain, but I'm sure there must be some strategy for keeping things on hold and when, why, and how that might take off.

The second phase of Genesee is another thing I'd like to ask the minister some questions about. I take it that cabinet upheld today the ERCB ruling to go ahead. I, as others, have just raised concerns about how much surplus power that will supply to the grid, what the cost and the cost benefits of it would be. Also, as the minister has outlined before, moves towards cogeneration, the use of both coal and natural gas in the generation of hydroelectricity: what is his future policy on that with respect to Genesee 2 or other hydro developments?

Husky: again, we've raised this in question period and at other times. The minister seemed to gloss over what he said previously, which was that he is doing a review of why these cost overruns occurred. I still believe that even with megaprojects in this day and age there's enough forecasting, there's enough operations

research to be able to bring megaprojects in on or even under budget. They put in contingencies to allow for cost overruns even in the initial planning, so to overrun those overruns, I think, bears some reviewing. In fact, it's compounded in my sense by now having three contractors come to me citing enormous problems in the management of the construction of that site. All kinds of inefficiencies and problems in timetabling and people being out millions of dollars, and it has just not been well managed. The minister said that he was going to do a review of it. I'd like to know where that's at.

He also pointed out that he was going on a last in, first out agreement in terms of the cost overruns in the millions of dollars that were now being needed. I want to know if he has a written, legally binding agreement with Husky to ensure that that policy of last in, first out has been agreed to and is legally in document form, as what I've heard is that there still isn't an operating or ancillary agreement in place for when the upgrader is up and running, that the various partners have agreed to the equity side and the construction side, but the operating side and the ancillary agreements have not been reached yet and are two years overdue. It seems to me to be quite irresponsible, and I'd like clarification on that.

With respect to AOSTRA, vote 4.0.2, I did not understand the minister. We must be on different pages, because the element details in my book show a 132 percent increase in Research Grants to AOSTRA. From what I heard, I thought the minister had said something like only about \$7 million. Maybe we're on the wrong page or something here. I do understand that this is a transfer of some funds, not all new dollars. On page 46 of the element details I see Research Grants going from \$7 million last year to \$16.3 million this year, and I want to ask the minister, in light of that, what he's done about the Auditor General's comments about AOSTRA, which I think are very clear. The Auditor General this year has said, and I quote, Mr. Chairman,

The annual report [of AOSTRA] contains details of the research projects funded by the Authority, but does not compare the progress or achievements of these projects to performance expectations set at the project approval stage. Neither does it relate project results to the Authority's research strategy nor measure the extent to which projects have contributed to the achievement of the Authority's mandate.

I think that's a pretty stinging indictment from the Auditor General. I haven't seen any action from it. All I see is this 132 percent increase, \$16 million more going to AOSTRA. I know that it's of value. I just want to know how we measure that value, what value we're getting for the dollars, particularly as the Auditor General has already raised these concerns about it.

Furthermore, the whole issue of Candu and Atomic Energy and Mr. Yurko's background in nuclear science and stated interest in using the Candu reactor in the oil sands development I think are questions which I'd like the cabinet minister's firm response to, to not using the Candu reactor through AOSTRA.

The issue that I would really like to stress, Mr. Chairman, is marketing. I am quite astounded that in this deregulated, globally competitive environment that we're now in, the marketing is down 13 percent and that the Petroleum Marketing Commission has only some marginal increase. I haven't met officials there yet, and I look forward to that, because it seems to me that marketing is one of the key areas that we need to be strengthening and developing, that needs to be bolstered and strengthened particularly, as I said, in these deregulated global markets. I don't mean just marketing of oil and gas and our resources but marketing of the experience and expertise that we have in the energy field. We need to develop a whole new energy development and trade department, it seems to me, linked up with Economic Development and Trade

and to be out there in front, leading on energy technology and production and safety and all that we have developed here in this province around the energy industry and get that out in the global market. We can't sit back.

What I heard, in fact, with the Gulf and the Desert Storm was that we spent all that money to send our troops over there and what happened after the war was that the Americans and the Brits got all the contracts. It took this minister and his trip several months after the fact to finally get over there and open up some of these contacts. Why wasn't he the first one to go over there and beat the Americans and the Brits on all of the opportunities that existed?

Not just in the Gulf; I'm surprised the minister said nothing about Mexico and the free trade deal with Mexico. Certainly they're going to need energy expertise and resources, pipelines, drilling, all of that. The Asian market. I'm disappointed that Scepter oil and gas has pulled back from its work off Vietnam. There's a lot of work to be done there. Plus the biggest area of all, Mr. Chairman, is Russia and Ukraine, who have enormous deposits and reserves and capacity for development there. They turn to Alberta and our companies and our expertise and our experience and have all kinds of opportunities for Alberta business to get in there. I'm disappointed that there isn't a more aggressive stance, a more strategic policy or plan to move into these global markets.

9:00

We're getting very little leadership from the federal government. It doesn't even put energy in its economic development study, and that Mr. Epp is just sort of hanging around. We need to use every diplomatic trade and commercial channel we have to get out there to the world and to use the competitive advantage that we have in energy. Just think; if we'd taken that \$566 million bath we took on NovAtel today and put \$566 million into marketing of energy and the energy sector in world markets, what an investment that would make, what a difference that would make to the people of Alberta. That's our competitive advantage, not telecommunications and the loss like in NovAtel.

I'm glad the Minister of the Environment's here, because certainly the issue for the '90s is energy and environment. The clean air strategy, I think and agree, is an excellent report, but we need to have more action. I want to know the timetable for the recommendations in implementing them, the various zones that the strategy talks about and a number of other recommendations that need to be put into place. Then not only clean air, but what about a clean water and a clean ground strategy? There's certainly lots of problems in the pollution of the earth and the ground and the land from oil and gas exploration. That's another key area. So if we can have the three – clean air, water, and ground strategies – we'd be a lot better off.

Then I'd like to also point out to the minister that I'd like to see some action on what I believe are best called market-based approaches to reducing pollutants and emissions. This tradable-permit concept makes a lot of sense, and I think it's an area we need to move in . . .

MR. PASZKOWSKI: Agreed.

REV. ROBERTS: Quiet.

. . . as well as into this area of carbon and green taxes. It seems to me that there are some market approaches to getting better pollution control than what we currently have.

Energy efficiency. My Bill's on the Order Paper. I would like to know when the minister's Bill, which I hear is being written, is

coming. I'm going to the Aspen Institute in Colorado this summer to talk to people there about energy efficiency. A lot can be done. Again, I think we need to take the lead and not sort of follow along after the fact.

Then alternative and renewable energy resources. I agree that it's wonderful to have the southwest wind project, but again if there's such an enormous amount of power on the grid, how are alternative sources going to be able to generate power when they don't need any more power because we have so much power already? It seems to me that there's going to be a further lack of incentive to developing alternative sources when current traditional sources are putting so much on the grid. There's going to be a conference here in Edmonton in July on alternative and renewable energy sources. I hope the minister can make it.

An interesting comment from Daniel Yergin.

[Rev. Roberts' speaking time expired]

I had a last comment here. My triple E approach to the energy policy I'll leave for next time, but I thank you for your time tonight.

MR. ORMAN: Mr. Chairman, consistent with the usual direction of the NDP, I'll go backwards in terms of responding to his comments. Let me first say that the implementation of some of the clean air strategy recommendations will be out in a matter of weeks. They are moving through the government process and have been through cabinet and cabinet committee, so we're quite pleased with that process.

I should point out that the hon. member starts and finishes by spending money. Spend more on trade missions, and spend more in the department. Maybe that's because it's an evening sitting and he knows nobody's listening to him, Mr. Chairman, but frankly you can't have it both ways.

I'd like the hon. member to stand in his place and tell us what he thinks the oil price is going to be for next year. He talks about accountability. He would leave you with the impression that he knows something about the energy sector. Why doesn't he stand up and give us his estimates for oil and natural gas prices for next year? Why doesn't he stand in his place, Mr. Chairman, and tell us what his royalty revision plan is? He says he's waiting with bated breath for the government to do something. What's his recommendation? He's got all of these high-powered brains coming in from Saskatchewan and British Columbia. Frankly, I meet enough and I hear enough about the baffle gab from the NDP. I don't need to go to a meeting in Calgary to hear more of it. We get it right here.

Mr. Chairman, the hon. member brought up a comment about the Genesees, asking questions. Why doesn't he read the report? We released it today. The press release is out. It talks about the demand projections that he's looking for. Why doesn't he just read the report?

Mr. Chairman, the comment about Husky. One of the problems with the cost overruns is the commitments that were made to local, regional, and Canadian content. That caused a delay to some extent and was part of the contribution to the cost overruns. If we are going to make a commitment to local content, some sacrifices have to be made. If the hon. member is suggesting that we ignore local content just to match the original projection with the final cost, then stand in his place and say that.

Mr. Chairman, the hon. member obviously got carried away and got in over his head when he started talking about a central library for information systems. The information systems that we have in the energy industry are sought worldwide. They are the finest

accumulation of data on reserves, core analysis, seismic interpretation that you can find anywhere in the world, and the manner in which it's accumulated is now desirable in emerging oil countries. I think he owes the Assembly an apology. He got carried away with his own rhetoric. He's in over his head, and I think that's a little bit dangerous in this Assembly.

Mr. Chairman, he talked about my budget, my travel expenditure. Let the hon. member know that last year I made a hundred round-trips to Calgary, and that's because I am wanting to meet regularly with the oil industry. If he's suggesting that I don't travel as much as I do to Calgary, which accounts for two-thirds of my travel budget, let him stand in his place and say that. I'm sure the industry would be very pleased to know that his recommendation is that we don't meet on a regular basis. There isn't a Friday that goes by where I don't have between six and eight meetings with the industry and have discussions on the state of the industry and ways in which we can improve the relationship between the industry, government, and the economic condition.

Mr. Chairman, the hon. member made some comments about Nova and about somehow rewarding efficiency. I've told the hon. member in this House before that I have directed the Public Utilities Board to make recommendations on incentive rate making. So I don't know what the hon. member is talking about. They are looking at ways in which the utility process can reward efficiency. I've mentioned that in this House a couple of times, and I'm quite surprised that he'd bring it up again as though he'd never heard it.

Mr. Chairman, the hon. member also tries to leave the impression that he is in touch with the oil industry. I have never heard something that tells me more how out of touch he is with the oil industry than recommending that both Altamont and PGT go ahead. The conventional wisdom in the industry today is that possibly neither project should go ahead. We've got the NDP standing up and saying that they're open to both projects going ahead. Let's just give it away. Let's overpipe the market so that there is two or three times supply over market demand. That's quite incredulous, that he'd make that comment to try and indicate that somehow he has these connections in the industry that tell him that both projects should go ahead. Well, he could possibly count on one finger the number of people who support that project outside of the American proponents of pipeline expansion to California, PGT and Altamont. They say they both should go ahead. If the hon. member is standing up and is an apologist for the American pipeline expansion industry into California, let him stand in his place and say that. In fact, he just did. I'm quite surprised by that comment.

9:10

Mr. Chairman, I want to close on his remarks about AOSTRA. I apologize; maybe I didn't explain it correctly for the hon. member, or maybe he didn't understand what I'd said. Let me say this. The apparent increase in the AOSTRA budget relates to our decision last year to reduce the 1991-92 budget in recognition of the accumulated surplus of \$13.8 million by the authority at March 31, 1991. Now, the government funding for the budget year 1991-92 was \$20.8 million, and that was made up of the \$13.8 million surplus and on top of that a \$7 million grant. As the \$13.8 million surplus was expended last year, this year's allocation, 1992-93, has been increased to allow for a total funding to AOSTRA of approximately \$20 million. I hope that clarifies the misunderstanding. It should; it's the facts, and it seems relatively straightforward to me.

MR. CHAIRMAN: The hon. Member for Westlock-Sturgeon.

MR. TAYLOR: Thank you, Mr. Chairman. I rise, too, to throw a few slings and arrows at the minister, I hope some constructive suggestion, and maybe even a compliment or two now and again. I did notice he thought we might complain about him traveling to Calgary too much. We have no complaint about that; the big complaint is that he always comes back.

I have taken over a fairly big set of shoes. Calgary-Buffalo had been our energy critic for years, since '86. Actually, I think I can fill his shoes all right. It was his head of hair that I'm going to have trouble with, Mr. Chairman, and also maybe some of the thinking. He was a very deep thinker and was a man that really knew his business.

I also wanted to praise the minister a bit – that's probably the only compliment he'll get – for digging up some business in the Middle East. There's no doubt that our industry has declined here, and I don't know if the conventional oil industry will ever come back to the level it once was, but we have a very virile and very imaginative service sector. If we can get them jobs around the world, maybe we can still in effect retain the service sector and the large number of employees it engenders in Alberta, if they can get jobs.

I'd like to give a constructive suggestion to the minister that although it's okay to take some of the leading service people – he mentioned Dresco, ATCO, and a few others; they have the money to send their people – a lot of our service people do not have the money to send someone. I think he could borrow from the agricultural sector, where every farmer and rancher doesn't have money to go around looking for where you sell prize bulls or dairy cattle or anything else. They have members from the organizations that go with their minister on sales trips around the world, then come back and divvy up the contracts amongst themselves. I'd like to suggest that the minister think very seriously, even with a little bit of government funding, to help in taking some of the representatives of the organizations around on these selling trips. The oil industry is not shut down around the world, Mr. Chairman. We're now using more oil per day than we ever have before. It has just slowed up in Alberta, primarily, I think, because of the world competition sector but secondarily, too, maybe by mismanagement by this government. I'll give him a few ideas on how they maybe could increase the oil business a bit down the road. Certainly on the service sector I'd like to suggest that they think of a system of allowing representatives not from the individual companies but from trade associations. This is the way the Japanese built up their business in the '50s and '60s. They had representatives that came back and then divvied up the business.

I'd like to also offer my congratulations to the minister for finally coming to his senses and acknowledging the new revenue reality which exists in the energy industry and convincing his counterpart. This is the most important; he's obviously convinced the Treasurer to bring in some reasonable and credible revenue projections for nonrenewable resources for a change. After six years, Mr. Chairman, of failing to listen to the experts and indulging in self-delusion, Albertans will be grateful for the small miracle of this government recognizing that indeed the pricing mechanisms that they followed in the past have been a farce.

Now, unfortunately it has resulted in us getting a huge debt. When the Premier came to power, we had an excess of assets over liabilities of about \$12 billion. At the end of this year we're going to have an excess of liabilities over assets of \$12 billion. In other words, \$24 billion has disappeared out the window, a large part of it due to what they called unexpected revenue shocks. It was apparently a shock to these people, but everyone else knew that the prices were going to be lower. During the past six years, Mr. Chairman, nonrenewable resource revenue shortfalls amounted to

\$2.6 billion on a cumulative basis, or for an average of \$428 million a year; \$428 million, or nearly half a billion a year, is the shortfall in oil and gas revenues for six running years. Well, you know, hardly anybody can make six mistakes in a row, although Robert the Bruce apparently took the seventh try before he was able to drive the English out of Scotland, and it's taking the seventh try here, apparently, for the minister to realize that you can't just keep praying for the revenue to come back.

One thing I noticed this year is that the Energy minister is trying a new tactic, Mr. Chairman. It's called realism, and that is something to be very pleased about. He's predicting crude oil royalties of \$1 billion based on \$19 a barrel for west Texas crude, which after years of wishful thinking and self-fulfilling prophecy is pretty good. He's now averaging the forecasts of Coles Gilbert, Chenery Dobson, NEB, ERCB, and others, which is pretty good. If we had done that in the past, we would have been much better off.

One of the problems, though, and I think the minister may still be a wee bit optimistic – I believe he's coming in at around \$1.20 or \$1.21 per mcf. I use the old system rather than gigajoules, Mr. Chairman, but they come out very close to each other. I'm very concerned, because in 1988 gas sold on the Alberta spot market at an average of \$1.21 per mcf, but in 1991, just three years later, our spot gas price was 90 cents. I've been informed – I was in Calgary last week; I had to come back again. They were talking about prices of 78 cents per mcf. You get 78 cents per mcf for spot prices, and we're going to be in trouble again in some of the forecasts here.

In 1985 California gas sold for \$3 per mcf. Now it sells for \$1.60. That's one of the pleasant results of getting rid of the national energy policy. Right now what we have is a number of oilmen that are very happy with the philosophy of government; they're very unhappy with their profits. When we had the NEP, we had a lot of people unhappy with the philosophy but happy with their profits. I guess it might be the task of our government, if we get in, to try to make them happy with both the philosophy and the profits.

Now, one of the things that bothered me is one of the statements of the minister, and maybe he could elaborate on it. He said that he wouldn't worry; plunging natural gas prices are a blessing in disguise since it gives Alberta producers an opportunity to take customers away from our competitors. Is the minister inferring that Alberta producers sell their product at less than replacement cost? I'll be very interested. Maybe he was misquoted. I know often somebody that is as mentally agile as he is, that jumps back and forth from one side to another, can easily be misquoted.

9:20

AN HON. MEMBER: He's not a Liberal.

MR. TAYLOR: Perish the thought.

What kind of a signal does this send to the California regulators and consumers that have been demanding lower prices if indeed our minister is saying: "Well, if we can sell this, it may be a blessing in disguise. We'll steal more markets." It's a very curious form of thinking indeed.

Which leads to the next question, and the minister hasn't touched on it. I brought it up a year ago, and he held his sides and laughed and laughed and asked me to spell it. When I brought it up a month or so ago, he did say he had by that time recognized the word "prorating," but he said it was silly. But now all the U.S. producing states have gone to some form of prorating.

AN HON. MEMBER: What about T. Boone Pickens?

MR. TAYLOR: T. Boone Pickens, yes, would be able to give him good – one of my old partners, T. Boone did well, moved to the south. I moved north.

The point here is: what are we doing? I agree that maybe philosophically this government can't think of prorating but maybe thinks of unitizing Alberta as a gigantic unit or something like that. If the U.S. exporters feel that they have to somehow or another control that extra 5 percent that goes out on the market that's driving the price down, we might be giving some careful thought to it. Chenery Dobson and the others seem to think that our surplus, our bubble, is less than 5 percent, and if it's weakened, if all producing states could bring their production down by about 5 percent, and we'd only have to shave some of the highest, we might bring the market under control.

Royalty rate restructuring. Well, the minister is right. It is a difficult issue. It was also brought up by the hon. Member for Edmonton-Centre. But it's not as difficult as the minister might want it to seem. I have a lot more gray hair than he has, if not as much hair, Mr. Chairman, but I have operated in 20 different regimes around the world, and there were at least 20 different royalty systems. Royalty systems can be moved and tailored, if you'll pardon the expression, to fit the problem.

The trouble here is that we have continued with a royalty system that was put in in the 1970s basically to try to move the federal government out of getting any income tax out of the spiralling profits of rising oil prices at that time. Traditionally, for years we had a flat eighth royalty. It comes from the old Spanish pieces of eight, Mr. Chairman. It takes eight pieces of eight to make up a whole, to make up a dollar, and the government's tax used to be the first eighth. Therefore, an eighth was used for years and years for oil royalty, coal royalty, gold royalty, and anything else.

When the middle '70s came and the price of oil took off, which the federal government then expected they would get 50 percent of the income tax from, this government moved very quickly to raise the royalty rates to try to seize the lion's share of the profit, because the assets, after all, belonged to the public, according to their thinking and most people at that time I think. So we ended up with a royalty rate that's fixed on a gross and has very little to do with the profitability of the venture, because the profitability of the venture at that time was so high that they could easily get away with getting the royalty up.

Mr. Chairman, if I may take a moment, how many minutes do I have left? I didn't set my clock here.

MR. CHAIRMAN: You have 17 minutes. [interjections]

AN HON. MEMBER: Can we vote on that?

MR. TAYLOR: It's by unanimous accord of the whole Assembly I will continue. Actually, I wanted to sit down, but with the loud cries of "More," "More," "More," I feel myself constrained to really pull these old bones together, fill my lungs with air, and go on again for at least 17 minutes, because I wouldn't want to deprive them.

SOME HON. MEMBERS: More, more.

MR. TAYLOR: I hear a lot of noise coming from the other side. There's no shortage of natural gas over there anyhow.

When it comes to royalty rate restructuring, I think the minister – I'm hoping he's coming up with a whole new royalty structure, and maybe he will tell me when. I understand that he has some – what do you call these people with the thick glasses and computers that stay back out of sight? – little gnomes working back in the department, coming up with a whole new royalty

schedule that will be able to answer our problems. I'd be interested in knowing when he will come up with one. I'm sure there are many examples around the world because, after all, the oil industry moves around very fluidly to wherever there is oil, and the royalty structure can be tailored and moved to fit the problems at the time: big fields that have low productivity, small fields with high productivity, ranges of prices, and so on.

The opposition member is really enjoying himself on the other side, hasn't had this much attention for years.

MR. CHAIRMAN: Order. Order in the committee, please.

MR. TAYLOR: But it is worth noting . . . [interjection] There's always a ladies' man in every caucus, Mr. Chairman. If you hear any shrill squeals there, though, I hope you shut him down.

One of the areas I wanted to touch on was that the rate of return on oil investment is only about 2 and a half percent, whereas manufacturing, on capital invested, runs around 11 percent, and the utility sector, which this minister is also responsible for, has an astounding 13 percent return on their capital invested, which is probably one of the highest in Canada and one of the reasons why the public are having a little trouble finding out why these power companies are all besieging the customers telling them how badly they've been shafted. I wonder if it's to keep the attention off the fact that they make a higher rate of return than anybody else does in Alberta, unless you're running the lottery machines. That's about the only thing that pays off better today than a utility company does.

I can expect to get a note from the utility companies' PR people in the next day or two explaining to me that I really don't understand utilities, that they're suffering, they're hard up, they're having a hell of a time getting by, and I should know that. However, we'll see it then.

The minister declared a two-year holiday program way back. This is what makes me worry a little bit about his gnomes working on a new royalty agreement. Anybody that would think a two-year royalty holiday was going to bring the oil business back would be like somebody prescribing aspirin for having a leg missing or something. It had nothing to do with trying to get the oil industry – it needs to attract capital in order to try to get it to find the oil and the gas that we need here, and the capital is not going to come in on a two-year holiday. I recall many a time, Mr. Chairman, going down to Toronto with my little basket and working up and down Bay Street trying to raise money. But if I told those steely-eyed characters and bankers down there, “Don't worry, Jack; we've got a two-year holiday,” they'd say “Drop dead.” They want a 10-year holiday or a 12-year holiday. So the point is, you have to have not a holiday but a set of regulations that will show profitable return over the next six to 12 years on their investment. A two-year royalty holiday is nothing more than a gift to the major companies, which promptly then take the money and either pay the bank down for the Canadian oil company that they borrowed money to buy awhile back, or they go . . . [interjections]

MR. CHAIRMAN: Order please.

SOME HON. MEMBERS: More, more, more.

MR. TAYLOR: Once again, Mr. Chairman, I feel constrained to give them a little bit more hay. I tried not to feed them the whole bale, just one fork at a time, but whatever it's doing, it had a little bit of grass in it, I think.

Going on from that, Mr. Chairman, we had a four-point plan that I will give out gratis to the minister: the royalty adjustments;

reduction of royalties for work-overs; royalty adjustment for horizontal wells – there's no doubt our horizontal well drilling program has almost ground to a halt in Alberta, I think particularly because the royalty regime is not sensitive to it; and I think we have to look at the discouragement of abandonment of low-productivity wells – in other words, our royalties are maybe too high there.

9:30

I think, also, the second program to get the oil industry going again is cost reductions. Why should the industry pay \$3 billion in royalties and on top of that have very high fees from the ERCB, a dollar per hectare, a 40 percent increase in rentals that went in awhile back and so on, and in effect also have to try to keep the forestry management agreements satisfied? We are now ding the oil industry substantially for any surface leases and everything they do there. You might even try a few provincial tax incentives for individuals to drill in Alberta. I don't know if there's that much money out there, but it doesn't hurt to put it out there, get Albertans to invest. It's not going to cost us anything if they find some oil.

The minister hasn't touched at all on coal bed methane development. There again is something I brought up a couple of years ago and I got rather a stunned look, but now there are regulations for coal bed methane. I'm very worried about it because coal bed methane, Mr. Chairman, to be developed properly has a high density of drilling. You have to reduce the interstitial pressure to produce the water out of the coal formation and reduce the pressure to get gas to flow. To do that, it takes a great many wells. What I'm concerned about is that this government has not done its homework on how much it will disrupt the surface, the roads and the farmlands that the coal may lie under – and much of our farmland has coal under it – in future development. They've talked about granting coal bed methane, I think CBM leases, but I don't think the public and Environment are aware yet what almost havoc it creates when you start to do surface development.

I have a question about OSLO. In February of '92 a 140-member team was disbanded; \$110 million in engineering studies had been put in. What's going to happen to that \$110 million? If the minister would maybe enlighten us on that, because it appears as if the OSLO project has ground to a halt.

The Husky Oil upgrader is a mystery to me. I've read the original agreement. There's something I don't understand. I had a reasonable opinion that the minister is in a pretty good position on this and that he can extract any loans he advances – he maybe can correct me on this – because in the original agreement, if one of the partners did not put up the money, any of the other partners could put up the money for their share and collect, out of 100 percent of the flow contributed to that partner, the loan at prime plus 5 percent or 6 percent. That's a good deal, you know, for the one that's putting up the money, in which case I don't quite understand why we're talking about Saskatchewan taking a lesser interest if they can't put up the money. Is the old, original deal gone? I know you haven't got an operating agreement. You've been sitting around for two and a half years and haven't worked out an operating agreement.

I had the impression – and I'd like the minister to correct me on this – that Alberta could put up the share that wasn't put up by any partner and get it back at prime plus 6 percent out of 100 percent of the first oil flow. That seems like a good deal, and it's a reasonable deal. I've been involved in deals like that, and it's a very good deal if somebody is renegeing on putting up their cost, but it sounds as if the minister may have got outfoxed or maybe

some of his department got outfoxed somewhere. I'm sorry for using a Vegreville term. I'll take that back again. I'm using it in a complimentary way, Member for Vegreville. Outfoxing the government shouldn't be something to be ashamed of. But it seems to me that something has gone wrong there if you're worrying about recovering your equity from the plant. I'd like the minister to explain just what the concern is if Saskatchewan doesn't put up the money, because my reading of the initial agreement makes it sound like they are indeed in a very good position to recover on overruns.

Smoky River Coal leaves me a bit fascinated. This was a deal here where the public accounts show that the government has put a \$4.3 million investment in the form of preferred shares. They also extended a \$19 million loan to the company, of which only \$8 million has been drawn down, I gather, at the end of '91, but they also received \$2.6 million in grants. I gather that all we got out of it is a secondhand conveyor belt of some sort that we're now trying to sell. Now, I'd like to know a little bit more about that, an update on the status for funding on this. Did we have collateral in the area, or is it part of the research?

MR. DOYLE: I can tell you about that.

MR. TAYLOR: You can, eh? Well, I'll just wait till he does then, because apparently somebody knows about secondhand conveyor belts here. I'm just curious what happened there.

Syncrude. The government has an indication here that Mitsubishi purchased 5 percent from Syncrude for \$132 million. That would indicate that Alberta's 16.7 percent is worth \$442 million, yet the Alberta heritage trust fund carries it at \$514 million. In other words, we're carrying it at about \$100 million more in bucks than what Mitsubishi was willing to pay PetroCan. It might be interesting to hear from the minister just why we carried it that high. Maybe even more important, would he comment on the expansion plans for Syncrude? This is near and dear to my heart because I was the first engineer on the project, Mr. Chairman, many, many, many long years ago when it was called Mildred Lake.

MR. FOX: Before the war.

MR. TAYLOR: Which war?

One other area that bothers me a bit – I get it from my Calgary friends and the minister's Calgary friends also – is that the FMA holders seem to be shafting the oil and gas industry in access costs and timber costs. What is the minister doing about that to bring that in line?

I come to EEMA, and this is intriguing. In the budget they said they had disbanded EEMA. Well, I'm sure that's not true; I think that was a misprint in the budget. In effect, what you're saying, I believe, is that the government has quit putting \$400,000 into EEMA. I don't think EEMA's disbanded, but maybe he could explain that. I know the government used to fund it for about \$400,000 a year, and they pulled that out. Now they have a special committee going around the province, which is hopefully supposed to report by, I think, August. I hope the minister doesn't give an extension on that, because the power companies are at each other's throats now, putting out some of the most biased literature to consumers I've seen in some time. I think if the EEMA committee could get on with a report and bring a little light of common sense to this, it would be a great help.

I'd love to see the government come up with my old solution of a number of years ago and which I notice Edmonton Power has now suggested: that the government itself be the central purchas-

ing agent of power and let free enterprise determine who sells power and the amounts that they do, but the government be the main trunk line distributor, much as you would in highways. Then, of course, let either private or public or co-operatively owned organizations distribute, so you'd have a three-tier setup. Right now what we have is vertical integration all the way from the power generator through to the consumer in many areas, and I don't think it's working.

The other thing that's wrong with that system is that you don't get a chance to blend the cheapest but maybe the dirtiest power coming from coal with some of the cleanest but more expensive power coming from either solar or wind or so on. In other words, you get control. In a way, in effect you spread a carbon tax, if you want to call it that, amongst all the other distributors. But it's a system that would work and make free enterprise get back into the whole generation of power. There again that gives me a second letter I'll get from the power companies.

I'm with the critic for the Official Opposition. I didn't think he said that he wanted two pipelines; I think he said he wasn't that worried about two pipelines. I don't think that the minister should be worried about two pipelines either. He should keep his nose out of that mess if he can. If they want to go at it, let them go at it. Two pipelines aren't too bad because, after all, they might be looking at gas from the Mackenzie Delta or somewhere down the road – who knows? – to fill both the pipelines, and I don't think the gas sellers in this province are going to complain too bitterly about two pipelines. The fact that we're overpiped shouldn't matter anymore because we're not guaranteeing a utility rate of return to the pipelines. When you guarantee utility rates of return, you've got to worry about being overpiped.

9:40

MR. FOX: You're overpiped.

MR. TAYLOR: Mr. Fox is wondering about being overpiped, but it's a new word I've introduced. I'm sorry. Just part of my job, Mr. Chairman, of trying to broaden their knowledge of the English language. I guess I've got about 30 seconds left, have I?

Lastly, this minister should be the last one to point fingers at California for breaking gas contracts, Mr. Chairman, because he was an EA wandering around here in fancy tight suits and actually had no gray hair when this government broke the contracts with California. They did it on the other end. When the price took off, they said, "Ho, ho, ho," and tore it all up. "We can't let our industry go for nothing." Now that we've got prices going down the other way, California's saying, "Ho, ho, ho; let's tear it up." He's saying: "Why, what a dirty bunch of rascals. It's immoral. It's fattening. It's illegal. It's everything." The fact is, we taught him how to do it. We tore up the contracts. I'm not saying that two wrongs make a right, but I am saying don't use that argument anymore, because it makes Californians . . .

[Mr. Taylor's speaking time expired]

MR. BOGLE: Mr. Chairman, I'm pleased to rise and make a few brief comments on the estimates of the Minister of Energy and natural resources. I would like to limit my remarks to the electric energy side and more specifically to the Electric Energy Marketing Agency. As indicated by the minister in his opening comments, there is a review taking place at this time of the electric energy rates in the province and of the Electric Energy Marketing Agency itself. For that, I certainly thank the minister, as I'm sure many Albertans will, in that this gives an opportunity to individuals, to municipalities, to organizations, and indeed to corporations

and other business ventures to make presentations to the review panel and to address issues of concern.

I thought, Mr. Chairman, it might be helpful tonight if we reviewed very briefly where we've been with the Electric Energy Marketing Agency and where we are today, and once we fully understand those two points, it will give us some assistance in where we might go in the future. At the outset, I'd like to say that Alberta is unique among the provinces in Canada in that we have not gone to provincially-owned electric distribution companies. We have maintained two investor-owned utility companies, TransAlta Utilities and Alberta Power, and we have one major municipally-owned system, that being Edmonton Power. There's a smaller system that is not included in the Electric Energy Marketing Agency, and that is covering the city of Medicine Hat. By and large, the questions facing the government in the 1970s – where there were differing costs of electricity across the province, there was pressure on government on a number of fronts. Some people advocated that the government should step in and buy all three utilities and create a Crown corporation. Others suggested that the government should, through subsidies, equalize rates across the province. Still others wanted to see the corporate taxes paid by investor-owned utility companies redirected and used in some way to equalize rates.

Well, under the leadership of the then Minister of Utilities and Telephones, the hon. Larry Shaben, the Electric Energy Marketing Agency concept was developed, presented in legislation to the Assembly, and eventually approved. The concept of the agency was that they would respect the best of both worlds. They would not interfere with the management, with the day-to-day operations of the electric utility companies, but at the same time they would provide to the citizens of Alberta across the province some degree of equalized rate. If I may quote from a news release of November 16, 1991, by Larry Shaben:

There will continue to be rate differences approved by the Public Utilities Board for the individual utilities. The new wholesale rate, covering generation and transmission costs, will cover 80% of final costs to the consumers. It will not, however, apply to the 20% of consumer costs related to local distribution.

In short, Mr. Chairman, the original concept was that the Electric Energy Marketing Agency . . . [interjection] I said November 16, 1981.

AN HON. MEMBER: You said 1991.

MR. BOGLE: Pardon me, 1981. So 10 and a half years ago.

The original concept was that the cost of generating the electricity and the cost of transmitting it from the generators to the distribution city, which in 1981 accounted for about 80 percent of the total cost, would be blended, would be pooled, and therefore we would achieve the desired objective.

If I may come forward to the present time, Mr. Chairman, we see that in the city of Edmonton today a typical residential consumer pays \$44 a month, and of that cost just over 31 percent is distribution cost. In the city of Calgary the distribution cost is close to 38 percent, in Red Deer 38 and a half percent, and in the city of Lethbridge 41 percent. In the town of Taber, which is a direct customer of TransAlta Utilities, it's 49 percent. In Grande Prairie, which is a direct customer of Alberta Power, it's 50 percent. What has happened over the last 10 and a half years is that that original objective of moving the pooling, which would cover 80 percent of the cost – the pooling has slipped, and in Grande Prairie, which is the most dramatic example, pooling today only covers 50 percent of the cost. That's one of the reasons that the minister, in my view, has initiated the review.

Let's look at some of the issues like cross-subsidization. In order to make the system work, obviously someone has to be paying into it. The system in the province which happens to be the largest and has certain efficiencies built in, TransAlta, winds up paying into the system. In 1991 the figure was about \$136 million that TransAlta paid in. The recipients were Alberta Power and Edmonton Power. Alberta Power gained 86 and a half million dollars, and in the same period Edmonton Power gained 49 and a half million dollars. So we have a transfer from TransAlta Utilities, some \$136 million to Alberta Power and to Edmonton Power.

I mentioned that Edmonton Power receives 49 and a half million dollars in 1991 figures. The most recent corporate profits I have for Edmonton Power is for 1990. At that time the total benefit to the city of Edmonton represented some \$57.8 million. It's important if you want to go back to 1981, just prior to the establishment of the Electric Energy Marketing Agency. The city of Edmonton realized from Edmonton Power \$19.4 million. So that's a 198 percent increase from 1981 to 1990, and the direct benefit passed on from Edmonton Power to the city of Edmonton in that period of time.

Let's take a look at residential rates, because I think you can talk all you like about profits earned by corporations, transfer of dollars. Let's talk about how this affects Henry and Martha, the people who live in their homes, the people who run small businesses across the province.

9:50

It's interesting if we look at the city of Calgary, which owns its own distribution system which is extremely efficient, and we see the average monthly bill. This is a residence that has consumed 600 kilowatt-hours based on April 1 of 1992. The average bill for Calgary would be \$45. Now, of the \$45, \$17.06 is distribution. The generation/transmission cost – remember, that's the pool cost – is \$27.94. Going to Edmonton, the residential bill is \$44, \$1 less than it is in Calgary. The distribution cost in Edmonton is \$13.90. The generation/transmission cost, \$30.10. Now, moving on down to Taber in my constituency, the cost to the residents jumps to \$55. The distribution cost there is \$26.95. The generation/transmission cost is \$28.05. Then going into the far north and the Alberta Power area, the cost in Peace River is \$56: distribution cost \$28, generation/transmission \$28.

The thing I want to point out – and this is one of the things I'm sure the review panel will want to look at – is to question why Edmonton's distribution costs are the lowest, at \$13.90. When you compare Edmonton and Calgary, cities of approximately the same size – remember Calgary was \$17.06, Taber \$26.95, Peace River \$28 – the distribution cost in Edmonton is the lowest. That in turn helps explain why their rates are the lowest.

When we look at the commercial rate side, we could take as an example a Radio Shack store in the city of Edmonton. Because of the time, I'll just compare it with the town of Taber. For a store which is based on a hundred kilowatts of electricity with a 20 percent load factor, the cost in Edmonton for a month is \$1,288 and the cost in Taber \$1,792. That's 36 percent higher. Let's look at a recreation activity such as a skating rink. The skating rink monthly bill, based on 40 kilowatts with a 20 percent load factor, in Edmonton would be \$559 and in Taber \$717: 28 percent higher.

What I'm trying to say to members of the Assembly, Mr. Chairman, is that something is terribly wrong. Something is terribly wrong with a system where the most efficient part of the system, TransAlta Utilities, transfers dollars into the city of Edmonton. Edmonton in turn reaps very large profits from it, and

the power costs to the Edmonton customer are lower than they are in TransAlta. I'm saying something has gone astray, and that's why the review is taking place that the minister has initiated.

There are two other areas that I'd like to touch on, but in view of the time I won't go into them. One was irrigation rates, which is a particular matter within the TransAlta area; and the other centres around the kva transformer size for basic farm service, whether that's in TransAlta or Alberta Power.

I would like to conclude my remarks, Mr. Chairman, by urging through the minister to all members of the Assembly that we ensure that information is transmitted to our constituents who may wish to be involved in this review process so that when the review panels sit down and try to make their decisions in terms of what they're going to recommend back to the minister, they have the broadest basis of information possible.

Thank you, Mr. Chairman.

MR. ORMAN: Mr. Chairman, it's quite refreshing to hear a member such as the Member for Taber-Warner, who brings insight and experience into this Assembly with some thorough research. I must say that he has sparked some very important debate around the review of the Electric Energy Marketing Act. I guess his comments in many ways could strike fear into the hearts of the municipalities who do not want distribution costs pooled along with generation and transmission, and I think the hon. member's comments point to the reasons why municipalities don't want those particular costs to be part of the EEMA process.

Mr. Chairman, before I respond to the Member for Westlock-Sturgeon, there was one thing that I wanted to do that I forgot when I was responding to the Member for Edmonton-Centre. He had again erroneously in his comments made some criticism that we go off on trade missions and then we only announce when we get back what happened on those trade missions. I would like to file with the Assembly sufficient copies of my press release dated April 16 that consisted of five pages of information on the mission, and on the note on page 3 it said, the "itinerary of Mr. Orman . . . is available." Long before we left on the mission the press release was available to all citizens of the province of Alberta, including the hon. member, so again you see the stark contrast in research between the Member for Edmonton-Centre and the Member for Taber-Warner.

The Member for Westlock-Sturgeon was referring to a misquote. Well, the misquote came from him. My comment was that there was "good news in bad news" not "a blessing in disguise." Now, there may be a subtle difference between the two. The point I was trying to make to the hon. member was that the bad news is lower commodity prices. The good news around lower commodity prices is that we've been able to substantially increase our market penetration because we have been able to take markets away from U.S. domestic producers. That is valuable, Mr. Chairman, because we all know that it's a matter of time before price increases, and we will have a double-whammy impact. Not only will we have the revenue from higher prices, but we will have virtually doubled our market penetration into the United States over a seven- or eight-year period. That's very valuable.

What it says, Mr. Chairman, is that we're not sitting on our hands - wringing our hands, more appropriately - worrying about low commodity prices. We are out there taking advantage of adversity. As I recall at one point, the Japanese symbol for adversity included the symbol for opportunity. They are virtually the same symbol, so I think that's a very important point to be made. The hon. member may not see the value of lower prices when we're hurting from them. No; it's very difficult. But we

must take advantage of what adversity presents, and many times we can do that.

The Member for Westlock-Sturgeon went on and on with ideas and schemes as to how to skew the market. He talks about the NEP; he talks about reregulation; he talks about prorationing. Why doesn't he just let the market work? You know, I even get a sense that the NDP are more oriented to the market working on the gas side than the Liberals, and that's quite surprising. [interjections] Now, don't take offence, Vegreville. The hon. Member for Vegreville jumped up, Mr. Chairman, because he's offended by the suggestion that they support the market working. I didn't mean it as an offence. I know that their philosophy is virtually inconsistent with market orientation.

Mr. Chairman, the question of the royalty review was brought to the attention of hon. members. I've indicated to the industry that sometime in June or July when we have completed the consultation process, the exchange of information, there are ideas put forward that we share with the industry, and they look at it and give us their advice. It's a highly consultative process, and I don't want to do anything that would be precipitous without consulting the industry.

10:00

Mr. Chairman, the hon. member presented to this Assembly an interpretation of his reading of the biprovincial upgrader, and I can't account for that. I cannot account for his interpretation. Actually, I can't account for his interpretation of anything, really, now that I think about it, but particularly the biprovincial upgrader. I'm just not sure what he's talking about, and possibly outside of the confines of this Assembly we could have a chat and sort that particular issue out. The information is public in the original document.

Mr. Chairman, the hon. member is confused with regard to the Electric Energy Marketing Act and the Electric Energy Marketing Agency. The Act is being reviewed. The agency has been rolled into the department ipso facto, a savings from the original arrangement of the agency, being a stand-alone facility. It's now the function of adding one plus one to get two and then dividing that equally among all of the generators. That's basically the function that the department indulges in now, so there's a savings on the administrative side.

Mr. Chairman, the hon. member started to present a solution to the Electric Energy Marketing Act. I even noticed that the hon. member for West Yellowhead got lost about the same time I got lost, so it wasn't just me. It's not just me, and I took comfort in that. I thought for a minute it was some shortcoming that I had in understanding your presentation, but again Liberal interpretation is tough for me to follow, and I'm pleased to announce that, Mr. Chairman.

Lastly, the hon. Member for Westlock-Sturgeon again is confused. I know where he gets his confusion. It's from the Member for Calgary-North West, because he was just as confused when he asked the question in the House the other day about Smoky River Coal. Again I could get the Member for West Yellowhead to explain it to him; he happens to be closer to him than I am. But, Mr. Chairman, there are two issues. Yes, the member is right. There is a loan guarantee provision for Smoky River Coal. The government has a loan guarantee. They have not drawn down totally, as I understand, on the total provision for the loan guarantee, and at the same time, the Alberta government holds some preferred shares in Smoky River. This is a commitment to keep the project going. It's tough business in the coal industry today, Mr. Chairman, and we wanted to do everything

we could to preserve Smoky River Coal in the West Yellowhead constituency.

Mr. Chairman, the other issue that is confused in the minds of the Liberals has to do with some research funding through the western economic development fund. There were three different funding components of the research. One was a strata support for equipment for thick coal seams, the other was for continuous coal transport equipment, and the third was for continuous extraction machinery. The first part of that has been incorporated successfully into the regular mine operations, and the second component did not prove to be successful, and it's been discontinued. It's not uncommon to provide research and technology dollars to further the advancement of important industries to our province. In this case, along with the federal government, these research dollars were risky. Many times they are. Research dollars are extremely risky. Fortunately for Smoky River Coal, some of it was successful and is now part of the operations. Some of it wasn't, and that's just the way that things go. If it improves the overall operations, continues the variability of the Smoky River Coal mine, then I believe it is dollars well invested.

MR. ANDERSON: Mr. Chairman, I move that the committee rise and report.

[Motion carried]

[Mr. Speaker in the Chair]

MR. SPEAKER: Order please. It's not 5:37.
The Member for Drumheller.

MR. SCHUMACHER: Mr. Speaker, the Committee of Supply has had under consideration certain resolutions of the Department of Energy, reports progress thereon, and requests leave to sit again.

MR. SPEAKER: Having heard the motion, those who agree, please say aye.

SOME HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no.

SOME HON. MEMBERS: No.

MR. SPEAKER: The motion carries.
Deputy Government House Leader.

MR. ANDERSON: Mr. Speaker, it is intended that tomorrow we will again sit in Committee of Supply, to debate the estimates of the Department of Technology, Research and Telecommunications.

[At 10:06 p.m. the Assembly adjourned to Friday at 10 a.m.]