

[Chairman: Mr. Pashak]

[8:31 a.m.]

MR. CHAIRMAN: I'd like to call today's Standing Committee on Public Accounts to order and begin with the approval of the minutes for the May 30, 1990, meeting. Are there any errors, omissions, corrections? Hearing none, a motion to adopt would be in order.

MRS. BLACK: So moved.

MR. CHAIRMAN: So moved by Mrs. Black. Agreed to the minutes as distributed? Agreed.

I'd like to once again welcome the Auditor General, Don Salmon, and his associate Auditor General, Mr. Andrew Wingate, to our deliberations this morning. This morning our special guest is the Hon. Rick Orman, the Minister of Energy, and he has with him, I see, three members of his department. I'd invite him to make an opening statement and introduce the members of his department.

MR. ORMAN: Thank you, Mr. Chairman. I have with me on my left Myron Kanik, who's the Deputy Minister of Energy, and to my immediate right is Tom Collins, who's the senior assistant deputy minister of finance and administration for both Energy and Forestry, Lands and Wildlife. We share administrative responsibilities. Grant Weissmiller is the manager of finance analysis and planning, and he is sitting next to Tom Collins.

Mr. Chairman, I just have a few brief notes that I'd like to share with the committee, and then we'll get right into some of the questions and answers. As you know, I was not the Minister of Energy in 1988-89; however, I've spent some time bringing myself up to speed with the finances of the department at that particular time, and as is, I know, traditional in this committee, in the event that we aren't able to respond directly to the questions, we certainly will give you our undertaking to respond in writing at a later time.

We have accepted some of the past recommendations and observations of the Auditor General. There were some comments in the Auditor General's report, ways in which we could improve the spending of the department and ways that we could improve on our collection of royalties in assessing various issues within the department that relate to our finances. I believe that we have made good progress, and I know that the Auditor General will undoubtedly have some comments in that connection, and he has acknowledged that in his report.

In 1988-89 the department with some prudent fiscal management was able to underexpend its budget by around 6 percent, or about \$4.3 million. I should also point out that as members of the committee know, we accelerated our phaseout of the petroleum incentives program, and this resulted in about a \$1 million savings.

The completed three-year, \$85 million Syncrude expansion agreement came in under budget, just under \$4 million, and there could be some questions on that later I'm sure. We also demonstrated concern for the environment, and we've restricted our mineral development activities in sensitive areas. This has required the department to negotiate compensation settlements with some eligible companies, compensation for leaseholders that had to return their leases to the department because they held lands in sensitive areas, and that did have an impact, as you'll note, in some of the areas of our budget.

Outside of that, Mr. Chairman, I have no preliminary comments, and I'd be pleased to get right into the questions and the answers.

MR. CHAIRMAN: Thank you very much for that opening statement.

I recognize Mr. Payne first.

MR. PAYNE: Thank you, Mr. Chairman. I'd like to preface my one or two questions this morning with just a general observation that I'm always concerned when we have Crown boards, agencies, and commissions that, for whatever reason and probably well intended, step outside their legislative mandate, and that concern was exacerbated last night with my rereading of the Auditor General's report for '88-89. I wanted to start with a question to the minister with respect to recommendation 18. Sorry, I don't have the page number, but that's the recommendation that follows the Auditor General's observation that during 1988 and '89 some of AOSTRA's contracts that were entered into and certain research payments made by AOSTRA to consulting firms and so on didn't comply with the legislative guidelines under which AOSTRA operates. I recognize that the minister is comparatively new in the portfolio and would be more than happy to entertain a written response later, but I wonder if the minister could comment on what amounts to illegal activity on the part of AOSTRA.

MR. ORMAN: Well, thank you, Mr. Chairman. Obviously the chairman of AOSTRA is not with us today. We have had some discussions with him in this connection and noted in the Auditor General's report some of the concerns that were expressed by the Auditor General.

My understanding is that the chairman of AOSTRA views this as a matter of interpretation and has interpreted his ability to do the things that he did. He recognizes now that it is something he should change, but it wasn't something he did with malice aforethought. It was based on the interpretation that he had. I have had some correspondence with him. I have a copy of correspondence to the Auditor General where the chairman has acknowledged that he will change this practice just for the sake of making peace on this particular area. But it's a good caution, and the chairman is well aware of it and accepts it and acknowledges it.

MR. PAYNE: Good.

I take it, Mr. Salmon, that you endorse the minister's response, that you and the chairman of AOSTRA, in fact, have come to a meeting of minds on this interpretive disagreement?

MR. CHAIRMAN: I'll accept the question, although it's usual to address it directly to the minister.

MR. SALMON: That's fine, but we have received the correspondence, and we'll certainly follow it up on the current audit, which is presently under way.

MR. PAYNE: Mr. Chairman, if I could just shift gears, then, to the public accounts. I was interested in the minister's opening comment today with respect to APIP, and as the minister well knows, he is taking through the Assembly in this current sitting what in effect is the legislative death knell for APIP. You will recall that the minister made some comment like, "We've expedited or facilitated the windup of APIP." In light of the legislative action that the minister is taking in the present sitting and in light of his comment that they've expedited the windup of APIP, I had a question with respect to page 3.50 in the public accounts wherein the administration fees for APIP are shown to be about two and a half million dollars last year. Now, I assume

that the bulk of that is for salaries and wages and perhaps professional fees, and I was puzzled as to why it has taken what appears to be such a large amount of money, two and a half million dollars, to put the last nail or two in the casket of APIP.

MR. ORMAN: Well, I can't give you the specific answer on that. Maybe Tom Collins can give you that, but as you know, we accelerated the wrap-up of the Alberta petroleum incentives program as a result of the end of the national energy program and the agreement with the federal government. Tom, have you got some comments on that point?

MR. COLLINS: Sure. The \$2.8 million that was expended reflects that the department was still receiving and actioning a number of applications for APIP grants. In receiving those applications through the term of APIP, there was a process for certifying the application as correct, for doing some desk audit work, and finally, when the work was completed, for turning that application over to a field audit group who went out and in fact assessed whether or not the expenditures that were incurred were appropriate within the terms of the APIP legislation. That work needed to continue through the whole time horizon that APIP existed, and in fact there was a period of a number of months after applications could no longer be taken that the audit work and the assessment work continued. So of the majority of the \$2.7 million that was expended in that year, about \$1.7 million worth of it was spent on salaries and wages, and most of that was spent for audit and review staff.

MR. ORMAN: Mr. Chairman, if I could also respond, there were also some ongoing litigation and outstanding grants, so it may have appeared that the program came to an end, but there still was activity to wrap up the program, and that obviously had an impact on the administration beyond the end of the granting period.

MR. PAYNE: That's a very helpful response, Mr. Chairman.

MR. CHAIRMAN: Well, if it meets with the approval of the committee, I won't consider your question to the Auditor General as one of your sups. If you have a further question . . . If that's all right with the committee.

MR. PAYNE: You're back in my good books, Mr. Chairman, thank you.

MR. CHAIRMAN: I didn't know I was in your bad books.

MR. PAYNE: Just a final question with respect to freehold mineral rights. I think it's on the same page, 3.50, statement 3.10.4. I notice that the freehold mineral rights taxation revenues were down more than 20 percent, down from \$92 million or thereabouts in '88 to \$71 million or thereabouts in '89. I was puzzled by the magnitude of that drop in freehold mineral rights taxation revenues, and I wonder if one of the officials or the minister could just make a brief explanation as to that significant drop in taxation revenue.

MR. COLLINS: I'm sorry. Could we have the reference again?

MR. PAYNE: Yes. I believe it's page 3.50, statement 3.10.4. Yes, there it is. It's virtually the top of the statement on page 3.50.

MR. KANIK: Mr. Chairman, I don't specifically recall, but the freehold mineral tax was not changed in the time period; the mill rate was not changed in the time period. The freehold mineral tax is for the time period one back; in other words, the '88 values would be for the taxation year '87, and in fact it works on the fiscal year. So I'm assuming that the retrogradation in the revenues is strictly a result of both the oil price and the gas price reductions.

MR. PAYNE: As opposed to activity?

MR. KANIK: Yes, absolutely. The production levels would have not changed, and the mill rates didn't change in that time period.

MR. PAYNE: Okay; thanks for the verification. That was a misunderstanding on my part, Mr. Chairman.

MR. CHAIRMAN: Mr. Bruseker.

MR. BRUSEKER: Thank you, Mr. Chairman. I'd like to welcome the minister today.

I'd ask you to turn to page 3.47 in the public accounts book. Under vote 2 we see the section entitled Minerals Management, and we see several special warrants there totaling, it looks like, \$3,950,000. I wonder if the minister might clarify what that expenditure entailed. Why did we have to have that special warrant for almost \$4 million there?

MR. ORMAN: Well, there are two reasons. One is that in our exploration program on the Wainwright military reserve we had an arrangement with the military there that in a seismic shooting program, they wanted the province to co-ordinate the shooting of the seismic. So what happened was we did a special warrant of \$850,000 for the conducting of the seismic on the Wainwright military reserve. However, we recovered that when we sold the seismic, so it was money in, money out. It was actually, I think, a flush account at the end of the day.

The balance of that is \$3.1 million, which was interim financing for the OSLO development incentives program. We had in our '88 calendar year budgeted \$3.1 million for the OSLO development incentives, but that lapsed. Actually our anticipation of the signing of the definitive agreement lagged behind having the money in our budget. So, in fact, I believe we've spent the \$3.1 million, but it lapsed out of that particular budget year because it was in the next budget year that the expenditure occurred.

MR. BRUSEKER: Thank you. I'd like to turn now to the next page, 3.49, and I'm looking at line 2.3.3 titled Energy Conservation. My question with this one is not so much with the figure itself, but I'm wondering if the minister could tell us a little bit about it. Under that expenditure of about a million and a half dollars or so - we see Energy Conservation, \$1.466 million - I wonder if the minister could sort of explain what's going on under that particular vote, because energy conservation and getting as much out of our energy reserves as possible is obviously important for Alberta.

MR. ORMAN: It's hard, because I know what's in there today, but I'm not sure whether programs we have in place today were there in this particular budget year, '88-89. So let me give you a little bit of overview as to what happens in this particular area.

We have a number of programs in the department that are designed to encourage energy conservation, and all of our renewable energy programs and projects are in there. You'll recall that the southwest solar and wind energy initiative is in that particular area of the department. We had a transportation program which provided fuel economy calculators, information on conservation. We have, I think, which is really one of the neatest facilities in there, the energy audit bus. This is a bus, a mobile operation, which travels around and does an efficiency audit on buildings. So, for instance, it will go to major industrial buildings and/or high rises, and it will go in and determine ways in which that business or that building can reduce its energy consumption.

It has a way of sensitizing where your building is least efficient; whether you have cold air coming in replacing the warm air and vice versa, depending on the seasons; the type of lights you use; and just ways of encouraging efficiency and letting people know. It's really a lack of knowledge that creates the inefficiencies we have. So it's very effective from that point of view, and over the life of the program it has saved owners of these buildings, whether they're businesses or industries, millions of dollars in terms of efficiencies. I think the average efficiency that it has saved is something like a 20 percent savings for the businesses or the buildings that have been subjected to the energy audit.

There are other areas in there. We have a residential program that operates a toll-free telephone inquiry service, lets homeowners know, via building supply and hardware stores, ways in which they can achieve energy conservation. There's a new newsletter that's published, I think every couple of months, that provides information.

So these are the types of programs that are in this particular area. It is from my personal point of view as minister an area I hope to expand and spend more dollars as we go through and give more emphasis in this particular area. I think it's an interesting area, to have energy efficiency in the Department of Energy, and I think it's a good match. It's good for the people who are in the department who work in both areas to know that both parts are under one portfolio, and it does engender good discussion and ideas.

MR. BRUSEKER: My final question, then, is related really to that one and also 2.4.2, which is Conservation and Renewable Energy Research. I'm wondering if there is research going on under either one of those two or perhaps under some other heading that looks at increasing the total amount of extraction of oil from reserves underground. As I understand it right now, you can't really extract 100 percent of the oil that's underground. Is there research being undertaken there to get a higher percentage return out of the oil reserves we do have?

MR. ORMAN: We do that in two areas. However, that is not in the energy conservation area. We do have, through the Alberta Oil Sands Technology and Research Authority, programs that are looking at ways of tertiary recovery, trying to increase our ability to recover oil from reservoirs that may have been abandoned and were abandoned at a time when the technologies were not there to increase our efficiencies of recovery. We also have in the department a program that is a tertiary recovery program. It's commonly referred to as the 4.2 program. I think that's the reference number in the regulations or in the Act. It's under vote 2, and in that area we have a program with the industry whereby there are incentives for increasing recovery. It also should be known that our royalties de-escalate depending on the level of production that comes from a particular well, so

there's an inverse function that occurs that is an incentive for them. Obviously their rate of return is higher on a barrel of oil as their production declines, so we do that to encourage them to continue to squeeze the last drop of oil out of some of these hard to recover reservoirs.

MR. CHAIRMAN: Mrs. Black.

MRS. BLACK: Thank you very much, Mr. Chairman. I'd like to welcome the minister and his department this morning. My question relates to revenue, and I'm referring to a revenue statement on page 3.50. I was interested in the sale of Crown leases. There seems to be almost a 40 percent reduction in revenues between 1988 and 1989, and directly underneath it you can see the incentive programs that were in effect in 1988. I'm wondering if there is a direct relationship between incentive programs and Crown leases or whether it's a factor of a slackening of activity between the two years.

MR. ORMAN: Mr. Chairman, I guess anytime you see a decrease in revenues, whether it's bonuses from Crown sales or a collection of royalty, and an increase in expenditures on incentives, it should be pretty clear that we're having to expend more dollars on the incentive side to offset a lack of activity. All of our programs, all those programs that you'll see, are basically activity oriented. We want to make sure that the programs we have in the department are to engender activity and are rewarding activity. So when you see the difference in those two numbers, obviously they are connected. Now, I don't know if I've totally answered your question.

MRS. BLACK: Well, is it a direct result of the programs being completed in '88, or is it a factor that the activity within the industry on Crown sales has also diminished between 1988 and '89?

MR. ORMAN: Oh, okay, it's a factor of price too. Obviously our revenues are a calculation of price, so I think what you'd have to have in front of you to draw any conclusions is a plotting of what the particular price was throughout that period and then draw your conclusions from there. Certainly the difference between '88 and '89 was a function of price; 1988 was one of the most active years in the history of the province. We had a tremendous amount of activity, and of course we did have some price shocks through 1989 which adversely affected our total revenues.

MRS. BLACK: Again on the revenue side, I was wondering: is it price oriented to see the drop in royalty revenues up on crude oil royalties and natural gas royalties, or is it a reduction in revenues as well? Is that price oriented?

MR. ORMAN: Yes, that's price oriented also.

MRS. BLACK: Thank you.

MR. CHAIRMAN: Mr. Jonson.

MR. JONSON: Yes, Mr. Chairman. Going back, this refers to the last appearance of the Minister of Energy before this committee. I note that in the Auditor General's report, section 2.11.1, we have that recommendation again. I'll quickly read it.

It is recommended that the Department of Energy continue to work with the Energy Resources Conservation Board to develop systems and procedures which provide assurance that oil and gas production information is sufficiently accurate for calculating oil and gas royalties.

A year ago we discussed this same issue, and I guess my first question would be: what steps have been taken to follow this recommendation?

MR. ORMAN: One of the most difficult tasks we have, obviously, is to be one hundred percent efficient in the collection and calculation of the royalties with, you know, some 20,000 or 30,000 producing wells in any given year. We have been working. One of the problems with the Energy Resources Conservation Board is that the Auditor General questioned the, I guess, reliability of the information we were receiving from the Energy Resources Conservation Board and whether it was sufficiently accurate for calculating oil and gas royalties. We obviously recognize the validity of the concern of the Auditor General. What we are doing now is a test sample of oil and gas production data that is filed with the ERCB, and we are trying to determine the accuracy of that information from the ERCB. We have a task force – the Department of Energy and ERCB and the Alberta Petroleum Marketing Commission – that is doing a study to determine the quality and reliability of natural gas data being reported. The initial findings of this study are expected to be available during this fiscal year.

We've made substantial progress I believe. I hope the Auditor General agrees with that comment. We certainly are working on it, and it's not an easy issue. I think in the last, not this budget year '90-91 but the previous budget year, there was an increase in manpower to be able to deal with this calculation. It's always that balance. Do you hire more people, increase your overhead to try and recover a certain level of income, or do you accept the fact that you can't be a hundred percent accurate in your income and keep your overhead down? So, you know, it's kind of a balance that you have to strike. But we're approaching it a little different way right now, and hopefully that information, when it comes in, that report between those three agencies, will give us some more confidence in our ability to rely on the ERCB. I believe to date in the interim reporting we have found that the data is reliable. Now, that's taking a snapshot. We'll have to wait for the final findings before we can make a final judgment.

MR. JONSON: Well, Mr. Chairman, if I could just ask a question, then, to the Auditor General. I believe last year he was quoted as saying that possibly millions of dollars of revenue could be lost because of this situation. To the Auditor General: is he satisfied that there are at least fewer millions of dollars being lost now?

MR. SALMON: Mr. Chairman, that's a misquote. I never did say that.

MR. JONSON: Well, a few dollars?

MR. SALMON: Actually, we were talking from the point of view of the system, Mr. Chairman, and I acknowledged in this report here the positive progress they've been making with this task force. We certainly are pleased with the progress that the Energy department is making.

MR. CHAIRMAN: Mrs. Laing.

MRS. B. LAING: Thank you, Mr. Chairman, and good morning to the Energy minister and his staff. On page 3.50, energy revenue for the year ended March 31, 1989, I'd like to ask about the bottom middle of the column, Allocation to Natural Gas Rebates Fund. First of all, I'd like to know what this fund is. What is it used for? What's the bottom item of that column?

MR. KANIK: Mr. Chairman, the Natural Gas Rebates Fund is the fund under a regulation where the Crown returns royalties paid on gas that is injected into an enhanced recovery pool. In other words, if the natural gas is injected into an oil reservoir pool to enhance the recovery of oil and that natural gas bank had royalty paid on it, under a certain part of the regulations we will return that royalty because the gas is essentially being used for a useful purpose in recovering the oil. It will be recovered after the oil-leg is recovered, and at that point we would recover the royalty on the natural gas.

MRS. B. LAING: Okay, thank you.

Also, what would be the reason that the increase is almost three times as much from 1988 to 1989? Was that because of more work in that field?

MR. KANIK: That's right. That would strictly be a function of how much gas was injected. We would inject a large volume of gas in 48 different floods. That would strictly be a function of who was injecting gas and whether that gas had been royalty paid. These are called gas banks that chase the miscible slugs, and perhaps it was one company that had royalty paid volumes of chase gas in that particular year.

MRS. B. LAING: Thank you very much.

MR. CHAIRMAN: Mr. Ewasiuk.

MR. EWASIUK: Thank you, Mr. Chairman. Following up on the questions on recommendation 16, I'd like to move on then to recommendation 17, which actually deals with the royalty verification procedures. Again, I think the Auditor General knows the difficulty there is in this particular area, but I wonder if the minister would like to explain what has been done, as in recommendation 17, to attempt to sort of meet the requirements the Auditor General has recommended.

MR. ORMAN: Maybe I'll get one of my officials in the department to answer the question. It obviously has a detailed answer to it. What we're trying to do is improve our gas royalty verification and develop procedures that would allow us to get a more accurate reporting of both prices, thereby being able to calculate what our royalties would be.

Right now it's pretty much a self-assessing responsibility. There are some – I don't know what – 20,000 or 30,000 gas wells in the province. We basically leave the responsibility for the accurate royalty filings with the royalty payers and then, of course, do audits on a regular basis because we can't audit every particular well.

Tom, maybe you'd like to talk about how we do chase our royalties and do our calculations.

MR. COLLINS: The royalty calculation for natural gas involves two different areas of activity. The first involves dealing with the

volume of natural gas which is produced and processed and available for sale, and in the three months following the month of production we have a process which captures all the information related to production and transmission and sale. The system we use for doing that – over time the Auditor General has expressed his satisfaction that that system is accurate, that we can account for all the volume of gas produced in the province. Subsequent to that system working, the gas is sold and we then have a process of following up with the seller of the gas, who's the royalty payer, to determine whether they have accurately reported the price they received.

One of the complicating factors in this area is that in the oil and gas industry the natural gas accounting system for the industry often takes up to three years for them to conclude. The nature of most gas production is in a joint venture arrangement, and many companies spend up to two years auditing each other's activity or auditing the activity of the operator. That results in many changes, particularly to the revenue side of the stream. So where we've positioned ourselves to do our checking work is after the industry has concluded its work with each other; then we come in and audit the final result. We felt that coming in prior to that, we would often end up having to go back and duplicate the work that was done.

We appreciate that this is a frustration for the Auditor General, because his staff visit us and say, "We'd like to see the results of last year's activity," and we say, "Well, here's what we have to this point, but we really won't be concluded for a period of time yet, perhaps up to three years." So the Auditor General recommends to us that we find ways, then, of expediting that process and expediting that verification activity.

Over the last number of years, we have been looking at some ways of doing that. We have introduced a new computer program which takes information that is filed to the Alberta petroleum marketing program – information is filed with them about gas prices – and we're now doing a computer match between that information and the information received by the department. We expect that will help us reveal significant anomalies early on.

The Auditor General may wish to comment on this matter.

MR. EWASIUK: Thank you for that answer. I appreciate that.

I wanted to go to the public accounts book. On page 3.50, the energy revenue for the year, in Coal Royalty there is an improvement or at least an increase in revenue. I'm encouraged by that. Perhaps the minister could tell us what generated the increase in revenue, and is there a possibility that coal is becoming a more viable usage, perhaps the sale of coal in this province?

MR. CHAIRMAN: May I interrupt? Is that an increase or a decrease? It looks to me like a decrease.

MR. ORMAN: I think there's a combination of things that have happened there. One is that, as you'll recall, there was a nice recovery for the price of coal in 1989. We have seen greater activity in the recovery and production of coal. There were three reasons. What was the third reason?

MR. KANIK: In addition, one of our big metallurgical coal mines was on a ramp-up to a full royalty system. When a new coal mine comes in, either thermal or metallurgical, they get a three- or four-year phase-in up to a 5 percent royalty. In that last year, the '88-89 year, a company hit its full royalty rate. But

the price and the volume were more significant than the ramp-up on this particular company.

MR. EWASIUK: Thank you.

MR. CHAIRMAN: Mr. Bradley.

MR. BRADLEY: Thank you, Mr. Chairman. I also was interested in the reasons why the coal royalty had dramatically increased. But I'd like to ask a question on page 3.49, vote 2.4.3, relating to Coal Research. I note that although the estimates were for some \$5.7 million to be invested in coal research in the '88-89 year, some \$4.5 million was actually expended. Given that there's been quite an emphasis in that year leading up to the western coal initiative, I'm wondering why this particular vote was underexpended.

MR. ORMAN: I'm sorry, Mr. Chairman. I missed the last sentence that he . . .

MR. BRADLEY: Well, given the fact that there's been quite a bit of emphasis in terms of the western coal initiative in that particular year, I was wondering why that particular vote 2.4.3 was underexpended by, I calculate, some \$1.2 million.

MR. ORMAN: The dollars that we put up are grant dollars, and we joint venture our grant dollars on a matching basis, whether it be with universities, private sectors, other levels of government. It's difficult, obviously, to forecast the total amount of dollars expended. In this particular case, the coal and hydrogen technology research projects, we just ran into a situation where our partners that we had joint ventured with were unable to proceed with the planned research we had anticipated in that particular year. For that reason, we ended up with a million and a half dollar surplus from the previous year.

MR. BRADLEY: Okay.

Could the minister give some specifics as to which projects were undertaken under that vote in that year?

MR. KANIK: I'm sorry, Mr. Chairman. I don't have a list of the specific coal research projects, but we have lists in the department and we'd be pleased to forward them.

MR. BRADLEY: Certainly.

I want to ask a question on page 3.47, under vote 2, Minerals Management, salaries, wages and employee benefits. I note that there had been transferred into this vote some \$314,000 in addition to the estimates of some \$12.6 million, and even though this \$314,000 was transferred into the vote, there was an overexpenditure of some \$241,000. I'm wondering if there's an explanation for, one, the reason for the transfer and the reason for the overexpenditure given the transfer.

MR. ORMAN: I'll have the deputy answer the question. I know that one of the reasons had to do with a variance in anticipated settlements for salaries. I believe there was an allotment for a 2 percent provision for increased manpower costs, and I think the actual averaged around 3.6 percent. Because of the manpower overexpenditure, this necessitated a transfer into this area of \$314,000.

Did you have any other comment, Myron?

MR. KANIK: No, I think you've got it.

MR. ORMAN: I think that basically was the reason, Mr. Chairman.

MR. CHAIRMAN: Thank you.  
Mr. Lund.

MR. LUND: Thank you, Mr. Chairman. Good morning, gentlemen.

I don't mean to be critical on not spending all the budget; that's probably very good. However, on page 3.46, vote 2.6, the Syncrude oil plant's expansion, there was \$40 million budgeted, and I see we ended up with just about \$3.9 million not spent. Is there a quick explanation for why 10 percent out?

MR. ORMAN: I thought the question had been asked earlier, Mr. Chairman, but we were talking about Syncrude at that particular time and this has to do with OSLO. Your question was on Syncrude?

MR. LUND: Yeah.

MR. ORMAN: On Syncrude. Okay.

MR. LUND: The expansion. I don't know just how it worked, and we seem to be out 10 percent.

MR. ORMAN: Basically the answer to this one is the same as the answer I gave previously on the issue of anticipating certain levels of expenditures to occur based on meeting some time frame objectives that were set for the advancement of the project. It just turned out that the consortium expended less funds than was allocated based on the inability to achieve what was anticipated to be achieved in the budget year. Particularly on these major projects – Syncrude expansion and the OSLO project – you put in place time lines, and they don't match with our budget year obviously. So they came up about \$3.9 million short in their expenditure in this budget year. I can assure you that the money was spent, except that there was a savings. We underexpended by about \$3 million just in an efficiency; the anticipated total cost was less. For those reasons there was this underexpenditure.

MR. LUND: Well, Mr. Chairman, if I understand the minister correctly then, the \$3.9 million didn't carry over into the next budget year. I guess what I'm really getting at: was the total expansion \$40 million, or did we in fact manage to save the \$3.9 million in the efficiencies on the total project as you're indicating?

MR. ORMAN: On the total project cost there was a savings of \$3.9 million in the Syncrude oil sands plant expansion.

MR. LUND: Okay. Thanks, Mr. Chairman.

MR. CHAIRMAN: Mr. Shrake.

MR. SHRAKE: Thank you, Mr. Chairman. I'd like to take this opportunity to congratulate the department on some of the things they're doing. They have gone in and put some money back into research, and even though I guess we have a little bit of a money crunch in the province, I hope we don't cut back on our money in research.

Pardon me if I digress a little here, Mr. Chairman. I guess we are recognized in Alberta as the world's experts. We've got

virtually the greatest technology and expertise in heavy oil and oil sands recovery and some of the most sophisticated types of drilling equipment, and a lot of this came through AOSTRA.

Going back to the budget now, according to the Auditor General, I guess you have made a lot of improvements in your calculations on royalties and so on. If you go to, I guess, number 2.11.1, page 36, of the Auditor General's report here, he says that after three years of recommending that some improvements be made in a few systems there, the gas production data would be accurate to verify the royalty calculations. But after having said that, in recommendation 17 it is recommended that your department improve its gas royalty verification procedures so that in any of the gasoline less than 80 percent of the Alberta average market price, they be investigated and identified and you develop procedures for verifying the reported selling prices, which I guess we get our royalties from. I just wonder if the minister or his department could advise us: how are they going to improve their royalties, the verification of the prices this gas is sold for? Do they have some plans for how they'll handle this?

MR. CHAIRMAN: Hon. member, we may have just dealt with that. I don't know whether the minister may want to add anything further to what he previously stated or not.

MR. ORMAN: We did answer it in one of the earlier questions, Mr. Chairman. Do we have anything to add to that? I believe it was dealt with in an earlier question that was asked.

MR. CHAIRMAN: The answer will be found in the transcript of the meeting. I don't know whether they're trying to put you on the spot or not.

MR. SHRAKE: I'm just hitting one of these companies getting away with not giving us our fair share of the royalties. If this question's been answered, then I'll just pass.

MR. HAWKESWORTH: Mr. Chairman, I had some questions that were asked previously, so I'm quite prepared to step aside if there are other members on the list who wish to . . .

MR. CHAIRMAN: Mrs. Osterman.

MRS. OSTERMAN: Well let's see if I can think up something new. Good morning, gentlemen. I have a pretty basic question. It will show my lack of understanding, I'm sure, of how we're managing the oil sands area. On page 3.47, under Oil Sands Equity Management, would the minister give me an understanding of what it is we are managing and the amount we are managing? I guess I thought that would be something I would find under Treasury, and I hadn't realized, very frankly, that in Energy we were looking after an equity investment.

MR. ORMAN: Yes. Our equity in oil sands projects – Syncrude, the OSLO project, the biprovincial upgrader – is all vested in Alberta Oil Sands Equity. The chairman of Alberta Oil Sands Equity is Tom Vant. Tom Vant reports to me, and he is an active participant representing our equity ownership in those projects. So he sits on the board of directors for OSLO and the biprovincial upgrader and Syncrude and basically represents our equity interests in those projects. I believe there are about 10 people involved in the Alberta Oil Sands Equity area, and it's a significant responsibility, obviously, because we have major investments. I think the Alberta Heritage Savings

Trust Fund has on the books about \$400 million or \$500 million in Syncrude, and obviously our interest . . . What's our end interest going to be in the OSLO project?

UNIDENTIFIED SPEAKER: Ten percent.

MR. ORMAN: Ten percent of a \$4.1 billion project, together with the biprovincial upgrader. So he is really the government's representative of our equity interest.

MRS. OSTERMAN: It seems like a great deal of money. Are you saying that we are paying for something like 10 people that are involved in this area?

MR. ORMAN: That's right.

MRS. OSTERMAN: What is the rationale in terms of having investments that are a part of the Heritage Savings Trust Fund managed in a different area? I can understand some direction or observations or liaison with the Department of Energy, but I find it interesting that we have this vested in the department.

MR. ORMAN: Our chairman of the Alberta Oil Sands Equity is an active participant in the OSLO negotiations and in our interest in Syncrude. So it is just like any one of the companies that has an equity interest. It's important to keep an eye on our investment. You don't want to leave it up to a line department, in my view. You want to have someone that is there at the table when discussions are occurring, and obviously the backup in administration - there's a lot of money; there's a lot of revenue also, and expenditures. It's a very important area. As a matter of fact, I think it runs fairly efficiently considering the magnitude of the investment it's managing for the province. It's not just sitting and watching the bank statements come in on a daily basis. Tom Vant is an active participant in the negotiations and the engineering discussions with the OSLO project, so he's just like any one of the other partners in that project.

MRS. OSTERMAN: Are these people directly civil servants then? I'm trying to figure out the relationship.

MR. ORMAN: It's basically an agency. You could look at it as an agency of government. They are treated as public servants in terms of - obviously they're handled in the accounts of the department. But in terms of their operation, they're exclusive to our equity investment in the oil sands area and, I should say, advising me on current negotiations and presenting Tom Vant's view to me as his reporting minister on changes that may occur in some of these projects, on the type of process they're considering. You know, we're having some discussions now about what our alternatives are to the OSLO project with regard to the absence of the federal government. So it's his responsibility to keep me abreast of the view. He's located in the private sector with regard to oil sands development.

MRS. OSTERMAN: And he reports directly to you as minister?

MR. ORMAN: Right.

MRS. OSTERMAN: Thank you.

MR. CHAIRMAN: Mr. Gesell.

MR. GESELL: Thank you, Mr. Chairman. Good morning, Mr. Minister and department staff. I'm on page 39 of the Auditor General's annual report, recommendation 18. I hope that hasn't been covered in the previous question; I missed part of the discussion. On page 39, just prior to recommendation 18, the Auditor General lists some concerns.

MR. CHAIRMAN: I think that was almost the very first question that was asked.

MR. GESELL: It's been covered? Then in that case, Mr. Chairman, I'll pass.

MR. CHAIRMAN: Thank you.  
Mr. Cardinal.

MR. CARDINAL: Thank you. Good morning. On page 3.47 of public accounts, statement 3.10.2, vote 2, Minerals Management, the unexpended amounts, I notice two large variances under Minerals Management. Could the minister explain the reason for the \$2.4 million unexpended balance in the Grants object of the expenditure? This amount represents over 20 percent of the estimate provided.

MR. ORMAN: Mr. Chairman, I believe that's the answer we gave to the question from the Member for Pincher Creek-Crowsnest. It's pretty much the same answer. It has to do with our joint venturing with the private sector and the public sector to try and achieve a matching component. It just turns out that from time to time the expenditures of our joint venture partners aren't up to the level that is anticipated when we put our budget together. So it's just an underexpenditure for that particular reason.

I know the question's been asked a couple of times, Mr. Chairman. I don't want to leave the impression that this is an underexpenditure because we don't have a particular interest in this area. That's not the case. It's just a matching problem with our other partners in research areas.

MR. CARDINAL: Okay. Thank you. I had other questions, but I don't believe I should ask them. I guess we should look at changing the system a bit here. We can't sit here wasting time, asking the same questions over and over again.

MR. CHAIRMAN: Mr. Jonson.

MR. JONSON: Mr. Chairman, my question deals with something that I guess is not in the public accounts or in the Auditor General's report, at least not as I can see it. In the administration of your department, Mr. Minister, do you keep a record or some type of accounting of the amounts of money being paid through surface lease agreements and so forth throughout the province, on Crown land particularly? I suppose it's also worth knowing what's being paid to farmers with deeded land.

MR. ORMAN: There are two components of that. One, of course, is the surface leases that are deeded land that are acquired to explore for Crown minerals. I don't know that we keep any direct track of that.

The other question, of course, is the surface leases or the mineral surface leases through the department of forestry on public lands, looking for Crown minerals. In many cases there are occupants that will be compensated for surface leasing in the event they are, you know, grazing leases and so on from the

Crown. But we don't have any particular record; we don't keep track of that in our department. Somewhere I've seen figures, and it may be from the industry. I know that I've seen some figures in relation to forest management agreements, some current discussions on forest management agreements and grazing leases and so on. But whether or not the Surface Rights Board keeps that information, I can't tell you that either. They may. Of course, that's a reporting mechanism to the Associate Minister of Agriculture.

MR. JONSON: We're talking here, Mr. Chairman, about – and I suppose there's some debate over the amount of money involved – a significant amount of revenue flowing from Crown land. Does the minister care to express an opinion as to whether or not those records should be gathered and kept?

MR. ORMAN: Mr. Chairman, maybe for clarification: is the Member for Ponoka-Rimbey asking about mineral surface leases on Crown-owned land, or is he talking about deeded land?

MR. JONSON: Crown-owned land mainly.

MR. ORMAN: Crown land that is deeded to the Crown or that is private land?

MR. JONSON: Crown land that is deeded to the Crown.

MR. ORMAN: There are two different types of surface leases. There are surface leases that are taken from a private owner, as you know, an owner of the surface, to explore for the minerals. There is then the land that is owned by the Crown that the explorer must get a licence of occupation for from the Crown to go out and get a surface lease and drill a well. If there happens to be an occupant, there is compensation paid to that occupant, but the deal for the surface leasing provisions is made through, I believe, the Department of Forestry, Lands and Wildlife.

MR. JONSON: In both cases, Mr. Chairman, the land is Crown land. It's simply that in one case there are occupants and in the other there aren't. I'm asking particularly about the case where there's the occupant. We seem to have no record, or at least there seems to be dispute over the records as to how much revenue flows through surface lease agreements to occupants. In any case, perhaps it's the wrong department, Mr. Chairman.

MR. CHAIRMAN: Let me seek clarification from the minister, but I think this is a question that's probably more properly put to forestry and wildlife.

MR. KANIK: Forestry, Lands and Wildlife.

MR. CHAIRMAN: You could ask, I suppose, a question, if I may, to the minister with respect to whether they keep records of those kinds of things during that audit year and have any . . .

MR. JONSON: If I could just comment . . . I'm sorry, I'm out of order, I know. I imagine that that revenue, if it was ever allocated in some way back to the government, would end up in the revenue of the Department of Energy. But we can leave it for now. That's fine.

MR. ORMAN: Yeah. Mr. Chairman, there is an interdepartmental task force that is examining the issue of dollars flowing to grazing associations and forest management agreements to the

forestry industry, because there has been some concern expressed. Yeah, I can tell you that a substantial amount of money is going to some grazing associations in this province. The current structure is such that it is a relationship between the lessee from the Crown, which is the grazing association, and the potential occupant, which is the industry. In that there has been some concern expressed in this area, there is an interdepartmental task force that is under way to review this whole area. If that's the question, Mr. Chairman, we do participate in that task force. It ultimately will be a responsibility of the minister of forestry.

MR. CHAIRMAN: Mrs. Black.

MRS. BLACK: Thank you, Mr. Chairman. Mr. Minister, I'd like to go back to revenue again. When I compare the revenues of 1988 to 1989, and I'm trying to think back, was there not a firming up of the prices in 1989 over 1988?

MR. ORMAN: Could I have a clarification, Mr. Chairman? Is the member referring to the revenues at the bottom of page 3.50, or are you referring to the . . . Which numbers are you looking at?

MRS. BLACK: On 3.50 I'm looking at the revenues coming in from natural gas royalties, et cetera, less the fees and the rentals, et cetera; mainly the overall crude oil royalty fees that we determined earlier were possibly price sensitive.

MR. CHAIRMAN: Do you want to restate your . . .

MRS. BLACK: I guess what I'm getting at, Mr. Chairman, is that when I look at the . . . From my recollection, I believe the prices for oil and gas firmed up between '88 and '89, and '89 ended up in quite a positive frame. I'm looking at the overall picture. When you get down to partway through the – when you look at the Nonrenewable Resource Revenue and you see about a \$440 million reduction in revenues between the two years, I'm wondering if part of that . . . You know, we talked about the price being a factor in the reduction, but it seems that even with incentive programs the 1988 revenues were higher than 1989. Where I'm coming from is that I believe that in 1989 prices did in fact firm up over 1988. I'm wondering what other factors may be present there to show the decrease in revenues.

MR. ORMAN: Well, there are two. The primary one is that prices were softer in 1989 than they were in 1988. The price softening occurred in late '88, early 1989, but the significant hit that was taken in price was reflected in 1989. If you were to look at the average price for '89 and '88, I think you'd find that there was a softer price in '89.

But also cast your eye to the Bonuses and Sales of Crown Leases. You'll see that we were down \$300 million in bonuses. Of course, that's a fairly big hit out of the bottom line also. The sales of Crown lands, the price and the volume of lands that were sold, were down between '88 and '89, and that was quite evident during that period.

MR. CHAIRMAN: I might just draw your attention to page 86 of the Auditor General's report. I think some of that information is set out quite clearly and graphically there as well.

MRS. BLACK: To get back to my original question on the sale of Crown leases and bonuses, was that a situation again because



the price was decreased, or was that because of the lack of activity within the industry?

MR. ORMAN: Well, it'd be both. When the price softens and, as you know in your former career, when you're taking revenue right out of the bottom line, it certainly has a negative impact on your ability to spend dollars and also raise dollars. So where it was reflected here was in the industry's willingness to purchase Crown land. Rig activity is a good indicator of what I believe our land sales are going to be. Obviously, all these indicators lead to activity, and if they're not buying Crown land, then that's a signal that there's a slowdown in activity. That happened quite significantly in 1989. You know, having said that 1988 was one of the busiest years in the history of the province, 1989 was one of the worst in relative terms. So that's why you'll see some fairly big disparities. You'll see a third of the bottom line out between '88 and '89. It's a lot of money.

MR. CHAIRMAN: Mr. Bruseker.

MR. BRUSEKER: Thank you, Mr. Chairman. I'd like to draw the minister's attention to page 3.46 in the public accounts book, and I'm looking at line 2.1, Mineral Resources, and also 2.2, Mineral Revenue. We see a total combined allotment there of some \$20 million. My question, I guess, is perhaps one of definition. From a geologist's standpoint a mineral is something that is not organic, never has been alive, and is not now, which would therefore eliminate coal, oil, and natural gas. I'm wondering, under minerals here, what kinds of minerals are being involved. For example, a geologist looks at minerals being things like gypsum, galena, hematite, bauxite, and diamonds. I don't think we have any diamonds in the province, but what kind of minerals are being worked on here?

MR. KANIK: Mr. Chairman, the minerals we're referring to under section 2 in Mineral Resources, Mineral Revenue, are the minerals that we manage and generate most of our revenues from: natural gas, crude oil, and coal.

MR. ORMAN: There's just a difference in definition, I guess.

MR. BRUSEKER: So for the purposes of the political world as opposed to the geological world, the minerals are natural gas and coal and oil.

Well, if I could just turn, then, to page 3.50, I guess a question there is that I look at the revenue side – the previous one was looking at expenditures – and in revenue we see crude oil and natural gas and coal revenues identified separately, but on the very first line on that page we see Freehold Mineral Rights Tax, and I'm wondering how that differs from the royalty that's being paid.

MR. KANIK: A freehold mineral rights tax is a tax collected off the freehold minerals. Eighty-five percent of the province is essentially Crown lands, and 15 percent is freehold lands. On the freehold lands we levy a freehold mineral tax. On the Crown lands we levy a Crown royalty.

MR. BRUSEKER: These would be, for example, from individuals who maybe settled the land years and years ago; the Metis, for example.

MR. KANIK: Companies or individuals.

MR. ORMAN: The land of PanCanadian is deeded through their original arrangement when the railroad first came through. PanCanadian, I believe, is the biggest single freeholder. Hudson's Bay Oil and Gas, which is part of Dome, is another.

MR. CHAIRMAN: Mrs. Laing.

MRS. B. LAING: Thank you very much. Mine is out of the Auditor's report, on page 40. It's more looking for self-education in this case: 2.11.3, page 40, the Take-or-pay Costs Sharing Fund. I wondered if you could explain that to me. It's on page 40.

MR. CHAIRMAN: In five minutes or less.

MR. ORMAN: Yeah, in five minutes or less. Have we got enough time?

The take-or-pay costs sharing program is the result of . . . We've got to go back to TransCanada PipeLines contracting with natural gas sellers to TransCanada. They had what you call take-or-pay agreements with the companies. Now, what that means is that you either take the gas or you pay to keep it in the ground. That was a fine arrangement until the bottom dropped out of the natural gas market, and TransCanada were no longer able . . . Well, the bottom dropped out of the natural gas market together with the fact that interest rates soared, so the interest rates on the capital that TransCanada had employed increased, and at the same time, they had responsibilities to take the gas or pay for it.

Well, it turned out they couldn't do that, so there was a restructuring with the industry. They basically negotiated themselves out of the level of take-or-pay that they had with the producers, and there was a reorganization of their debt with the bank. This was all organized to keep TransCanada from going bankrupt. We set the rate in legislation, the Take-Or-Pay Costs Sharing Act. We set the rate relative to the take-or-pay agreement between the industry. It's an extremely complicated area.

MR. CHAIRMAN: I'm quite sure that if you had further questions, the minister would probably find time to explain.

MR. ORMAN: The problem is that there's so much history to it that you've got to go back to 1980 and all of the things that happened between then and now. It is a complicated area. I'd be pleased to share that information with the member.

MRS. B. LAING: I'd appreciate that information too. Is the fund still then in existence, or has it just been rolled over?

MR. ORMAN: Yeah, it's still in existence.

MRS. B. LAING: Okay. Thank you.

MR. CHAIRMAN: Mr. Lund.

MR. LUND: Thank you, Mr. Chairman. On page 3.50 . . .

MR. CHAIRMAN: Excuse me, Mr. Lund. I think the minister just wanted to complete his comments. I'm sorry; I thought that he was finished.

MR. ORMAN: The Topgas levy is anticipated to be in place for three more years.

MR. CHAIRMAN: Okay. Sorry.  
Mr. Lund.

MR. LUND: Thank you. On 3.50, the coal royalty, I see that's one real bright spot between '88 and '89: over double the royalty. How do you account for that major increase? Is that due to production or an increase in the royalty per tonne?

MR. ORMAN: Mr. Chairman, we dealt with that in an earlier question.

MR. LUND: We did? I'm sorry.

MR. ORMAN: Yeah. Price and volume of sales is really what has caused the increase in revenue there.

MR. CHAIRMAN: Well, I'd like to thank the minister and the members of his department for being with us this morning. I'm sure that he really added to the understanding of our members of this committee with respect to the oil and gas industry and the role the province plays. I'd like to thank you again for being here and taking this time out of a busy schedule.

We do have some business items that I'd like to deal with, if I may. I'd just like to make a very, very brief report on my trip to Ottawa on May 17 and 18. I did learn a fair amount about how public-sector auditing and accountability takes place in other jurisdictions. There was quite a large number of delegates at this conference from the United States, and I think because of the separation of powers that exists in their political system between the executive branch of government and their legislative branch, they seem to be able to advance public-sector accountability in ways that we seem to be inhibited from doing here in Canada. In other words, the executive branch, it seems to me, in their system spends money, and the Legislatures can often act as a watchdog over those expenditures in a way that we can't because of our more unitary system of government. But, anyway, if anyone would like to talk to me about some of those observations I've just made or any other educational experiences I had while I was down at that conference, I'd be more than pleased to sit down and share this information with you.

Mr. Gesell has suggested that ministers with more responsibilities be allowed more time before the committee than ministers with fewer areas. I think that had to do with the appearance before the committee of the Hon. Ken Kowalski, who has four separate areas. I think it's too late for this year's committee's deliberations, but in the future, members of this committee who might be on subsequent committees might want to limit the number of topics that a minister would deal with in a given appearance before the committee. If he does have more than one area, treat him as three or four different cabinet ministers, in a way, and schedule him to come back maybe two or three times, if that's the wish of the committee.

Mr. Gesell, have I got your . . .

MR. GESELL: Mr. Chairman, that wasn't exactly the point I was making, but I felt that in certain instances . . . I believe the Hon. Ken Kowalski had five areas to cover, but he didn't quite cover all of those. Even though the opportunity exists for him to return to this committee to outline some of the other areas of responsibility that he has, I feel that if we allow a certain framework of time, provide some guideline of time for each area of responsibility, he may then pace himself, so to speak, to cover all of those areas within the time that's allocated. For instance, if we were to say, well, he may have five minutes within each

area, then the minister I think would know that he has to be fairly concise in the items that he covers within that particular session. I wasn't attempting to break it up into more than one appearance, although that may occur in certain instances, and it's at the discretion of this particular committee.

MR. CHAIRMAN: Certainly the Chair will entertain a motion from a member with respect to the suggestions you've just made. And if I do have a minister who comes before the committee, in terms of our current scheduling, who has responsibilities for more than one area, I'd request in advance that he would keep his remarks correspondingly briefer on each of his areas than otherwise would be the case. Would that satisfy your concern for now?

MR. GESELL: Well, yes, it does. As long as there is some sort of guideline that the committee understands and that the minister understands, I think we can then proceed in a reasonable fashion.

MR. CHAIRMAN: We have very little control over the ministers. When they appear before the committee, they can take as much of the time of the committee as they can. I don't really have the power to interrupt them in any kind of conclusive way, although I think most of the ministers have been very responsive to suggestions that they keep their remarks brief.

Mr. Shrake, did you want to comment?

MR. SHRAKE: I was just going to comment that we needed something like . . . Public works, which basically has assets and facilities and touches every part of the province – you know, that was a pretty wide and broad area. I know it was unusual, but in a way I found it very enlightening that he went that far into and did that much homework into giving that information to us to give us a good overview. It's just unfortunate that in an hour and a half you can only do so much and that we didn't get to ask more questions of him, but I think if we'd let him go on, we probably wouldn't have had any more questions.

MR. CHAIRMAN: If anyone would like to make a motion that we ask the hon. Mr. Kowalski to come back at some future point in time – after we complete the list of ministers that we have scheduled, for example – I'd be willing to entertain that as a motion.

MR. MOORE: Well, I'd make a motion that we add him to the bottom of our list.

MR. CHAIRMAN: To deal with what area?

Well, Mr. Moore has a motion on the floor that we add Mr. Kowalski to our list to deal with, apparently, two areas that he hadn't covered when he was before the committee. Are you agreed?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Agreed.

Mr. Hawkesworth has a similar request with respect to the Provincial Treasurer.

MR. HAWKESWORTH: Thank you, Mr. Chairman. As I indicated last week as we were coming to the conclusion of our meeting, I felt that given the long list of members who had questions and didn't get in – and a lot of those who did had

other questions that they weren't able to give to the Treasurer – I'd like to get the support of the committee to request the Chairman to reschedule another appearance of the Provincial Treasurer before the committee. I'd like to make this motion: that the committee request the Chairman to reschedule the appearance of ministers before the Public Accounts Committee in order to ensure a second opportunity for the committee to meet with the Provincial Treasurer. After all, the minister just referred to Public Works, Supply and Services having maybe four or five areas. The Provincial Treasurer has responsibility for the overall fiscal management of the province, and for him to be here for only one appearance, for the same amount of time as any other minister, I don't think gives the committee adequate opportunity to question and pursue areas of interest and issues within the public accounts. So I'm not going to say that he has to come this day or that day or the other day, but give the Chairman some discretion in trying to reorder our appearances in order that we could meet with the Provincial Treasurer.

MR. CHAIRMAN: There's a motion before the committee that we reschedule the Treasurer in such a way that he would appear before the committee before this session concludes.

MRS. BLACK: Well, this is what I wanted clarification on. We have other ministers scheduled to come before the committee, and we've just agreed to reschedule the minister of public works at the bottom of the list. I'm hoping that the Provincial Treasurer would follow him so we have a chance to see these other ministers before this committee, because some of these ministers, in the two terms that I've been on, haven't had the opportunity to come before the committee, and I certainly would want to see them come. So is that Mr. Hawkesworth's intent, to have them come . . .

MR. CHAIRMAN: No. I think you're actually speaking against the motion.

MRS. BLACK: Well, then I guess I am, if that's not his intent, because I really am quite interested in having some of the ministers that in the two years I've been on Public Accounts I have not seen come before this committee.

MR. CHAIRMAN: I think the intent of Mr. Hawkesworth's motion is that we would ensure that the Treasurer appears a second time before this committee, and that would mean some type of rescheduling. Any further discussion?

MR. PAYNE: This isn't discussion. This is simply a question enabling me to respond more rationally. How many more ministers are on our list, (a), and (b), am I correct in assuming that we're going to meet three or four more times in the current sitting and several times in the fall sitting?

MR. CHAIRMAN: We have 14 more ministers to come before the committee.

MR. PAYNE: And maybe seven more occasions in this year of 1990.

MR. CHAIRMAN: Quite likely so. Given the current scheduling that we've approved, there is no likelihood that the

Treasurer would appear a second time before the committee.

MR. PAYNE: That being the case, I think I'll echo the comments of my colleague Mrs. Black.

MRS. B. LAING: I was going to suggest, Mr. Chairman, that in the fall session – for instance, today we saw that Energy didn't really take the full time – perhaps some of the other ministers could be doubled up. That way we would get to the Treasurer and Mr. Kowalski this fall probably.

MR. CHAIRMAN: Okay. We'll take that suggestion into account. I don't think it's very likely that that scenario would be realized, but we'll take it into account.

Mr. Shrake.

MR. SHRAKE: Yeah. It seems like we started this session off discussing this schedule, and we finally worked something out. As much as I find it interesting to hear Mr. Kowalski and so on, I think I can, you know, contain my great curiosity. Then suddenly we want to bring Dick Johnston, the Treasurer, back, and so on. Why don't we just go through the schedule we've got? If we reach the end of these ministers, then let's review what it is that we've done and at that time say, "Who do we want to bring back?" But before we decide now, I think we've made a schedule, we're following the schedule, and let's stick with that and not go tinkering. It seems like this comes up about every second or third meeting, and I think we just waste time by doing this. I would suggest we forget this and also forget bringing Kowalski back until we've reached the end, and once we've reached the end, then we'll bring them back.

MR. CHAIRMAN: Excuse me, hon. member. I've got my eye on the clock. We're going to be evicted from this room in about a minute. I think we've had a sufficient debate on the issue. I'll give Mr. Hawkesworth a brief opportunity to close debate on his motion.

MR. HAWKESWORTH: Well, I'd say I find it interesting that members are anxious today to ensure that we meet all the ministers, but, you know, I made a proposal that this committee meet outside of this session so we could have more opportunity, and that proposal was turned down. I made a suggestion that we meet at 7 o'clock in the morning so that we could double up the number of ministers that we meet during the session, and that was turned down. I just wonder whether members of the committee really are as anxious as they say to meet all the ministers. I think it's inconceivable that the Provincial Treasurer, who's responsible for all of the public accounts, not be asked back for a second hearing.

MR. CHAIRMAN: Are you ready for the question on the motion? Those in favour of the motion? Those opposed? The motion is defeated.

MR. MOORE: I move that we adjourn.

MR. CHAIRMAN: Motion to adjourn. Those in favour? Those opposed? Meeting adjourned.

[The committee adjourned at 10 a.m.]

