

Standing Committee on The Alberta Heritage Savings Trust Fund Act

Wednesday, September 12 1979

Chairman: Mr. Payne

2 p.m.

MR. CHAIRMAN: Gentlemen, perhaps we could bring this afternoon's sitting to order. On your behalf, I'd like to welcome Mr. Leitch, the Minister of Energy and Natural Resources. We appreciate his participation this afternoon with this committee. In a prior discussion, Mr. Leitch indicated he would prefer not to make an opening presentation, but would prefer to devote the entire time to response to questions from members of the committee. With that explanation, I'd now like to turn the time over to the committee for any questions they would like to direct to Mr. Leitch.

MR. NOTLEY: Mr. Chairman, I wonder if I could start on a completely non-partisan note. This deals with the revenue side, page 8, non-renewable resource revenue. Has any consideration has been given to reducing the incentives we have in the Alberta petroleum incentive plan? I'm relating this specifically to natural gas, Mr. Minister, because of the substantial increase in natural gas finds. We now have a surplus, whereas when the program was originated in 1974 there was a good deal of concern . . . Have we got to the point where we can rescind some of those incentives and thereby have a higher revenue coming into the heritage trust fund?

MR. LEITCH: Mr. Chairman, that's not a matter now under active consideration. I'd want to check, but it seems to me we made some alterations in those programs a while back. But that was before my time as minister, and I'd have to check to be sure whether we did and, if so, the exact nature of them.

MR. NOTLEY: At this stage there's no general review, as it were, of the incentive program, in light of -- and I think I'd have to separate oil and natural gas. I realize our conventional oil reserves are in a different state of development, but we now find a substantially different picture in the natural gas field.

MR. LEITCH: My earlier answer was that it's not now under active consideration.

MR. NOTLEY: If I just might pursue the questioning, Mr. Chairman and Mr. Minister. When the Provincial Treasurer appeared before the committee, he indicated the new policy which I have no doubt the Minister of Energy and Natural Resources and the entire investment committee considered; that is, the loans of \$1 million or more which, among other things, could be directed to energy-related projects. Is the minister in a position to outline to the Assembly any additional information as to what types of additional investments are now being considered by the investment committee, in view of this policy announced by the Provincial Treasurer?

MR. LEITCH: Mr. Chairman, I think that question should be directed to the Provincial Treasurer, who is responsible in the area of recommendations with respect to investments. I don't know if I can add anything to what the Provincial Treasurer had to say on the subject.

MR. NOTLEY: Mr. Chairman and Mr. Minister, I would take it, though, that with respect to energy investments, the Minister of Energy and Natural Resources is going to be an integral part of any decision in terms of evaluating whether or not such-and-such a project should have \$5 million, \$10 million \$100 million. Surely the provincial Minister of Energy and Natural Resources is basically going to be party to negotiations. I'm not talking about the smaller amounts that are to be dealt with otherwise; I'm talking about those investments the Treasurer alluded to where there could be direct negotiation with the investment committee. I would think that that kind of negotiation would not just take place with a participant coming in one day and trying to meet the entire investment committee. No doubt the process would involve meeting with the Minister of Energy and Natural Resources first, or officials of perhaps the departments of Energy and Treasury, would it not?

MR. LEITCH: Well, Mr. Chairman, I haven't been involved in any discussions with proponents of energy projects with respect to investment, if that's the nature of the hon. member's question.

MR. NOTLEY: Mr. Chairman and Mr. Minister, the question first of all is just to clarify the process, so we as committee members have that clear in our own minds. One of the areas specifically included in the policy announced last week was energy-related projects. Now, I take it that before any formal energy negotiation took place with the investment committee, there would be some review by the Minister of Energy, officials of his department and/or Treasury -- probably both -- would there not?

MR. LEITCH: Mr. Chairman, I guess this is a new policy thrust contained in the Provincial Treasurer's announcement. I haven't been involved in the implementation of that new policy thrust, nor have I been involved in any discussion as to how the process might work. But my memory of the Provincial Treasurer's announcement is that it related to the placing of debt funds, if you like, through the regular debt market place. So I think we may be talking of two different things: maybe a debt investment in the nature of Syncrude convertible debentures, or a debt investment within the parameters of the Provincial Treasurer's announcement. I think the two may go quite differently.

MR. NOTLEY: Mr. Chairman, if I can just follow that up. Unless I misunderstood the Provincial Treasurer's announcement, certainly he was talking about debt capital, and in most cases that would just be done through normal financial intermediaries. But he did specifically say, as I recollect the statement, that there would be cases where he would not rule out the negotiation between a particular company or firm and the investment committee. And since what we're really dealing with when we look at energy projects is the potential, anyway, of sizable offerings of debt capital that we may take up as part of the heritage trust fund, my question really relates to the role of the Department of Energy and Natural Resources in these kinds of negotiations. I would think that for perhaps many of the smaller amounts, there wouldn't be that. But if we're talking about, let's say, a major

commitment to the Alcan pipeline -- as this committee recommended several years ago -- or a major purchase of debt instruments in an oil sands project, there would obviously have to be some negotiations, and I would assume that the Minister of Energy and Natural Resources would be directly involved in them.

MR. LEITCH: Mr. Chairman, I think one of the difficulties we get into in this line of questioning, which I think more properly would involve the Provincial Treasurer rather than me, is that we're perhaps confusing two things: specific investments in major energy projects, and the kind of investment contained in the Provincial Treasurer's recent announcement, which might also include the purchase of debt instruments of a corporation involved in energy projects. But I think we may be talking about two areas. I haven't been in discussion, nor have department officials, with anyone in connection with the Provincial Treasurer's most recent announcement.

MR. NOTLEY: Mr. Chairman and Mr. Minister, the reason I raise this is that I think one of the government members -- I believe it was Mr. Stewart -- made the point a week back, and it's a valid point, that the purchase by the government of a portion of the debt instruments in a major project would be indeed a major step forward for that firm, because it would presumably be much easier to get money from other sources if we were to purchase two-thirds of the debt as a heritage trust fund investment. So even though there would be a difference between the convertible debenture *per se* and what the Provincial Treasurer indicated, it strikes me that it would have to be an integral part of any set of negotiations, because if we're making it easier for that firm to acquire the additional funds on the capital market because we're picking up two-thirds, thereby reducing much of the risk for potential purchasers of debt instruments, then clearly that has to be one of the considerations in that venture's proceeding.

MR. LEITCH: Well, Mr. Chairman, if the hon. member is saying it's easier for the corporation to raise money because the provincial government is buying a portion of their security offering, I'm not sure I agree with that. That may be the case, but I don't want to have my answer leave the impression that I agree with that. I'm not sure that is the fact.

MR. R. SPEAKER: On the income side of the Heritage Savings Trust Fund, at the present time the federal government is talking about different plans for gas exports.

MR. LEITCH: Sorry, I couldn't catch all that.

MR. R. SPEAKER: The federal government has been talking about different plans for gas exports to the United States. I wonder if the minister would have any comment as to how that may affect the size of the fund or the impact on the fund.

MR. LEITCH: When you say "different plans" for export to the United States . .

MR. R. SPEAKER: They're reducing exports to the United States, I understand.

MR. LEITCH: Of natural gas?

MR. R. SPEAKER: Yes.

MR. LEITCH: I'm not aware of any such intentions on the part of the federal government. As a matter of fact, at the present time there are applications before the National Energy Board for the export of additional quantities of natural gas to the United States. There was a recent announcement of a possible reduction in light and medium crude oil exports to the United States, but I'm not aware of any expressed intention to reduce the volumes of natural gas exported to the United States.

MR. R. SPEAKER: Related to potential income for the Heritage Savings Trust Fund, could the minister bring us up to date with regard to discussions on oil pricing. Do you foresee any change in the coming year? What's the present status of that?

MR. LEITCH: Mr. Chairman, since assuming this position I've had one discussion with the federal Minister of Energy, Mines and Resources, in which we did not touch on oil pricing except to agree that we would have to discuss it in the reasonably near future. At present I don't have any meetings scheduled with him. There have been some exploratory or preliminary discussions between officials, but no discussions as yet at the ministerial level about future oil pricing.

MR. SINDLINGER: Mr. Chairman, to Mr. Leitch. Could you please indicate to us how much equity is involved in the convertible debenture options with Gulf Canada and Canada-Cities Service? Secondly, are there any plans to exercise that option? Finally, if the option were exercised to the fullest extent possible, what percentage of the total equity would the government of Alberta hold in Syncrude?

MR. LEITCH: I'll try. I'm not sure if I can give you precise numbers. My memory is that the debentures have been filed in the Assembly, so that I guess the best source of information is to take a look at the debentures. I'm going from memory, and haven't looked at them for a long time. But I believe if they're converted, they're on the basis that the same proportion of the original plant cost would be acquired by way of equity. So you would take the total plant cost, divide it by \$100 million -- because there are two debentures, \$100 million each -- and acquire that percentage of the equity. I'm going from memory on that, and would certainly want to check the documents to make sure I'm right. If we assume the plant cost -- and that would exclude the utilities and pipeline facility -- is somewhat over \$2 billion, that would be approaching the 5 per cent in each case.

With the recent exercise of the option held by the Alberta Energy Company, the provincial government's equity has been reduced from 10 per cent to 8 per cent. If we're speaking in round numbers, if I'm right on the 5 per cent, that would increase the provincial government's equity from 8 per cent to roughly 13 per cent.

Coming to the last portion of your question, whether any consideration has been given to that, we do have a five-year term, as I remember, from a start-up date which is defined in the instrument within which to decide whether to exercise. We have not yet addressed our minds to whether or not to exercise.

MR. SINDLINGER: Given that your calculations are correct and the equity would be 13 per cent, would it also be fair to say that that, combined with the 50

per cent of the AEC, would give the Alberta government an equity position in the order of 23 per cent?

MR. LEITCH: Yes. If you assume 50 per cent of the AEC ownership is the result of 50 per cent of our shareholding in AEC. In addition to that, of course, under the Syncrude arrangements we receive 50 per cent of the profits, as calculated in accordance with the terms of the agreement.

MR. SINDLINGER: I'd like to make a comment with regard to the investment in energy or non-renewable resources from the heritage fund, and see if you care to comment. Looking at the expenditures in the capital projects division as at March 31, 1979, approximately \$63 million has been expended on AOSTRA, which is of course for non-renewable resources. On the other hand, with regard to renewable resource improvement, only about \$17 million has been expended. The bottom line of that is in the capital projects division, 25 per cent of the funds have been expended on non-renewable resources, whereas only 7 per cent has been expended on renewable resources. In the Alberta investment division, if you consider AEC, Syncrude, and the Gulf/Canada-Cities debentures, there is an investment of over \$500 million, which amounts to 33 per cent of the Alberta investment division.

My only comment would be that it would seem prudent for Alberta to be spending more money on the renewable resource area than on the non-renewable resource area, given the fact that our bounty in that area is bound to decline in the near future.

MR. LEITCH: Well, you've invited a response. I think in your calculations of what's invested in the non-renewable side, you shouldn't overlook the irrigation project in the capital projects division, because that is an investment in a most important area of agriculture. It's obviously not quite the same as, say, an investment in forestry or some of the other renewable resources, but I think it should be kept in mind when we're comparing what's invested in non-renewable and in renewable.

The only other point I'd make -- without making the case one way or the other, because I think it's a judgment call -- with respect to the significant investment in the non-renewable side is that in Canada the energy vulnerability is really in liquid fuels; that's the energy area in which Canada has a vulnerability to world supply. I think in the oil sands, and perhaps at a future date in the vast supplies of coal that are in Alberta, there is an answer to that vulnerability. In short, we have the resources to overcome that vulnerability. I would simply put the question that it seems to me when you have vulnerability in a particular area and the asset that can remove the vulnerability, shouldn't your priority be in that direction?

MR. CHAIRMAN: Mr. Appleby. I'm sorry: Mr. Sindlinger, do you have a supplementary?

MR. SINDLINGER: Kind of, but I'll come back to it.

MR. APPLEBY: Well, Mr. Chairman, if Mr. Sindlinger has a question, I'm on the same topic; it doesn't matter.

We're into the area of renewable resources. Under the current estimates in the capital projects division, we had an allocation of \$1 million for maintaining our forests; that's part of a multiyear program. I just wonder if

the minister could inform us as to what progress has been made, whether this is being utilized, and how far we've gone on that program.

MR. LEITCH: Mr. Chairman, I can't give a dollar number at the moment. I don't have that with me. I can answer the question in general terms.

We are doing the planning and preparation work. There are actually four branches to that program of renewing or maintaining our forests. One is reforestation; another is tree improvement; doing some trials in wetland improvement -- the forestry growth in the wetlands; and to actually improve the stand. In all those areas we have proceeded well, I think, with respect to planning. With preparation, we've located, for example, sites that we think are the most suitable for reforestation. Most of those, incidentally, are concentrated in the northern part of the province. We've done some cone collection with respect to tree improvement, and some site preparation for the reforestation areas. That includes scarifying the sites and work of that nature.

So without being able to give you the actual dollar number, I think we have been proceeding as rapidly as I would have expected in preparing to proceed with the program in those four areas.

MR. APPLEBY: Mr. Chairman, following that up. This was originally planned as a multiyear program, and I wonder if the minister could inform us whether the planning for this year would lead into a further program for probably the next year.

MR. LEITCH: Well, Mr. Chairman, the intention is to have this as a seven-year program. I think the total cost was anticipated to be above \$22 million, with the first year's appropriation being \$1 million because we felt that was all the work we could do in the first year, since it would of necessity relate to planning and site preparation. But I would anticipate a request being made in the next year to the Legislative Assembly for a larger appropriation for the second year of that seven-year program.

If the question was really asking whether I thought it would go beyond seven years and be expanded, I think that's too early to respond to. I think we'd want to get into this program, have some experience with it, form some views on how well it was meeting its objectives, and then make a decision later on as to whether this should be the one and only program, or whether we should have some additional programs in that area.

MR. APPLEBY: Mr. Chairman, I wasn't anticipating any expansion of the program. I was just wondering if we have proceeded sufficiently far in the current year that we will be ready for the next stage in the next year.

MR. LEITCH: I think the answer to that is yes.

MR. APPLEBY: Thank you.

MR. PAHL: Mr. Chairman, picking up on the emphasis on the non-renewable, my interest is in the Alberta Oil Sands Technology and Research Authority. I guess the point is that anything below what's presently available by surface mining is not even non-renewable; it's just an interesting phenomenon until it can be developed. So I'm pretty supportive of the emphasis there.

But I would ask the minister whether there are results from the Alberta Oil Sands Technology and Research Authority that could be considered positive. Of

the \$63 million that has been spent -- if my memory serves me, I think about \$144 million was originally committed to AOSTRA. Is that number still about the same? Is there a report on encouraging directions, or is it going to be an awful lot more money than originally planned, or whatever?

MR. LEITCH: Mr. Chairman, I'm not sure I can answer the specifics. I think on commitments it may be somewhat higher now, but I'd have to check and get the exact number. As to results, I know there's optimism among the people directly involved with these projects. I feel it's a little too early in the lifetime of these projects to do more than share their optimism, in the sense that I wouldn't now feel we've progressed enough to be able to make some specific forecasts as to what the outcome is likely to be.

MR. BORSTAD: My question is back on the comments Mr. Appleby just made. It's my understanding that the managers of all the FMAs in the province look after their own reforestation, and that the government is getting into reforestation. Now, is this in areas that were cut over before the FMAs were established, or where small operators are not doing reforestation?

MR. LEITCH: Mr. Chairman, I've gone through this rather complex reforestation matter on one occasion. I'm not sure I remember accurately all the particulars of the programs, but in some areas I think the operators have the choice of doing the reforestation themselves or having the department do it. In the event we do it, we charge for it.

But the project out of the Alberta Heritage Savings Trust Fund is in areas that are not now being harvested or are not under forest management agreements. These are areas that were harvested some time ago when they didn't have a reforestation program, or burned out areas, or areas we're endeavoring to reclaim, or there was stand improvement by thinning or things like that -- various experimental work, other kinds of trees, things of that nature.

So the project being funded by the Alberta Heritage Savings Trust Fund does not deal with currently harvested forest areas.

MR. NOTLEY: Mr. Chairman, I wonder if I could just go back to page 15 of last year's report and ask whether or not your department has had an opportunity -- and I might just add that I also intend to ask the Minister of Economic Development where this stands as well -- but under the Alberta investment division, the recommendation "That consideration be given to investment in the development of industries (in Alberta) which supply growing resource industries in the province, i.e. coal mining equipment, forestry equipment, oil sands machinery, etc." In terms of the Department of Energy and Natural Resources, what steps has the department taken, if any, or what evaluation has the department made of that particular recommendation?

MR. LEITCH: Mr. Chairman, I would look on that recommendation as being evaluated primarily by Dr. Horner, and I gather from the preface to the question that you intend to put it to him as well. I think he's the appropriate person to ask.

MR. NOTLEY: Has there been any evaluation by the Department of Energy and Natural Resources on this matter?

MR. LEITCH: If there has, it's not one that I've been involved in. What I mean is that departmental personnel may have made evaluations for other ministers, but I've not reviewed any.

MR. NOTLEY: I wonder if I might move into a slightly different area, with the indulgence of the Chair. It is an area that looks ahead somewhat, but the reason I ask it is that it may be pertinent to possible recommendations that we might make. Yesterday the federal task force released a report concerning energy self-sufficiency, and one of the recommendations contained in that report was that as the price of energy rose in the country, a portion of the proceeds which might come into the heritage trust fund would be invested in an overall national security supply fund of some kind, on a loan basis. Mr. Chairman, to the minister. Obviously when we consider recommendations we may or may not be in a position to review it, but I would ask whether the government has any preliminary position at this stage on that type of thing, because it would be going beyond investing in energy projects in Alberta, and might conceivably mean investing Alberta funds in offshore mineral development off Newfoundland, for example.

MR. LEITCH: Mr. Chairman, I think that's a question you should put to the Provincial Treasurer. It deals with the investment policies in connection with the Alberta Heritage Savings Trust Fund, and I think he's the appropriate minister to ask.

MR. NOTLEY: Mr. Minister, has there been any consideration by your department on these options at this stage?

MR. LEITCH: No, there's no proposal or anything in that area which we've considered as an energy department.

MR. NOTLEY: No review of the options subsequent to the premiers' conference?

MR. LEITCH: If you're talking about the review of the options of investment policies, those reviews would be done by the Treasury Department.

MR. NOTLEY: That may be true, Mr. Minister, but I'm asking whether or not the Treasury Department has requested the Department of Energy and Natural Resources to make any recommendations with respect to what might be an alternative in terms of -- you indicated in answer to Mr. Sindlinger. I believe, about the need to move toward energy self-sufficiency in those areas where we're vulnerable, and we're vulnerable in fossil fuels. The question I would then put to you as a minister, sir, is whether your department at this stage has given any consideration to some of these other options.

MR. LEITCH: Not from an investment point of view. Incidentally, I didn't indicate the vulnerability was in fossil fuels, but in liquid fuel. No, not from an investment point of view. We would be looking at alternate liquid fuel sources, but that's not from an investment point of view.

MR. SINDLINGER: Mr. Chairman, to the minister. In going through the AOSTRA inventory of projects, I notice there's one with the Lurgi-Ruhr process, which is quite adaptable to the gasification of coal. When you brought up the subject of coal, it brought this question to my mind: has any effort been extended toward the non-conventional development of coal?

MR. LEITCH: You're referring to coal liquefaction or coal gasification?

MR. SINDLINGER: Yes.

MR. LEITCH: I'm not familiar with all the work that may be done, for example, in the Research Council. A question in that area be an appropriate one to ask Dr. Horner. We in the department aren't funding any projects in that specific area at the moment. The Coal Research Institute is under way, but I'm not they've reached the stage where they've even formed the preliminary plans as to what areas they may be working in.

MR. R. SPEAKER: Mr. Chairman, to the minister. This in with regard to alternate forms of energy -- solar energy, wind energy. I understand from some comments of the minister that the government at this point in time doesn't support the idea of investing research funds into these potential alternate forms of energy. Is that true?

MR. LEITCH: Mr. Chairman, I'm not sure where the hon. member got his information, because it depends which media you looked at. Some of them accurately reported what was said, and others didn't.

MR. NOTLEY: It's a question of enthusiasm.

MR. LEITCH: Not quite.

MR. NOTLEY: Degree of enthusiasm.

MR. LEITCH: In several instances, the stories reported the arguments which I gave against doing that as my position, which wasn't the case. On that occasion I reviewed the arguments for and against, and said I hadn't yet made up my mind which were the better arguments.

I don't think it's accurate to say we don't support work in the alternate energy sources. There are projects on alternate energy sources being funded through the department. But I harken back to a comment I made earlier this afternoon; I think our exposure in Canada is in the liquid fuel area. We have the resource to overcome that exposure, that threat, and I think our priority should be there. That doesn't mean, by any means, that alternate energy sources should be excluded. It's just a matter of priorities. We are doing some funding in alternate energy sources.

MR. R. SPEAKER: Could the minister indicate what type of funding is available at the present time? I think it relates to a recommendation that we might want to make.

MR. LEITCH: I'm not sure I can recall them all. We have been funding some in the solar energy area, and . . .

MR. R. SPEAKER: Are they funding with private groups that are doing research in that area?

MR. LEITCH: I think it may be through the Research Council, but I'd want to check that.

MR. R. SPEAKER: The quote I took from this article I read was that the minister indicated it would look a little silly if we came up with a technological breakthrough which reduced the value of our hydrocarbon resources. What you're saying, Mr. Minister . . .

MR. LEITCH: That was one of the arguments I gave against it, and said I hadn't made up my mind whether to accept them or not.

MR. NOTLEY: Mr. Minister, do we have any figures, though, on the amount? We have a handle on the amount we're investing in AOSTRA, so we can say, all right, this is what we're putting aside from the heritage trust fund as far as oil sands research and technology are concerned. Can you give us any figures as to the total amount invested to date in solar, wind, various types of alternate energy?

MR. LEITCH: I can't; I'd have to go back and look at the budget.

MR. NOTLEY: Would it be \$1 million or significantly less?

MR. LEITCH: If I were guessing, it would be -- you mean total now under way? You see, there's the question of the amount we've already expended in those areas, or the amount we're currently expending. I think it would be in the \$1 million range, as opposed to \$5 million or \$10 million.

MR. NOTLEY: Just to follow that up, Mr. Chairman. I believe last year or the year before, Mr. Getty indicated that the Alberta government was going to begin moving in this area by, first of all, cataloguing or doing an inventory of all the work that has in fact been done by different governments, private agencies, and what have you. Is the minister in a position to tell us where that stands? Has it been completed, is it still being done, or has it been abandoned? Is it the intention to proceed with it?

MR. LEITCH: I remember discussing it, and I can't recall precisely where it is at the moment. I know work was being done, but I'm not sure at what stage.

MR. NOTLEY: Can you give that information to the Chairman so that he can circulate it, Mr. Minister?

MR. LEITCH: Yes.

MR. CHAIRMAN: Do I take it from this lull that there are no further questions of the minister?

MR. R. SPEAKER: I wonder if I could ask the minister about the new oil sands plants that are potentially on schedule. What types of plans are there, what types of potential investments, what effect, if any, on the Heritage Savings Trust Fund?

MR. LEITCH: Mr. Chairman, I take it the member is referring to the Al sands and Esso Resources projects.

MR. R. SPEAKER: Right.

MR. LEITCH: You'll have to go through your questions again.

MR. R. SPEAKER: What I was saying -- maybe just what discussions have been held with regard to any funds to Esso Resources or Alcanco regarding support for the projects? And what effect would that have, if any, on the Heritage Savings Trust Fund?

MR. LEITCH: There have been some discussions, Mr. Chairman, but no final decisions in those areas. Until there are final decisions, I don't think I can answer the question.

MR. CHAIRMAN: Well, if there are no supplementaries to Mr. Speaker's question and no new questions, on behalf of the committee I'd like to thank you, Mr. Leitch, for your participation with us today. We'll look forward to receiving the additional information requested by Mr. Notley.

MR. LEITCH: I'll get it to you as soon as I can, Mr. Chairman.

MR. CHAIRMAN: Thank you.

Now, gentlemen, as you may recall, when we adjourned this morning we did so with a request from Mr. Knaak for time to prepare a motion that he was about to present to us. I would now ask Mr. Knaak if he's ready to do so.

MR. KNAAK: Thank you, Mr. Chairman. If I could ask Mrs. Walker to distribute this to all members of the committee while I'm reading it. I've made some extra copies if the press is interested. Mr. Chairman, I move that:

the Chairman obtain from the Law Clerk and Counsel to the Assembly his assessment of the need to clarify Section 13(3) of the Heritage Savings Trust Fund Act and that the chairman convey the response of the Law Clerk as well as this committee's concerns regarding the apparent ambiguity of Section 13(3) of the Heritage Savings Trust Fund Act to the Provincial Treasurer for his consideration.

In commenting on this motion, Mr. Chairman, I thought this would probably be a compromise acceptable to most, if not all, members of the Assembly, yet stay within what I thought and what my advice is that our abilities are under the Act at present. Thank you.

MR. CHAIRMAN: In fairness to Mr. Clark, who participated earlier in the debate, I'd like to give him time to see that motion. I don't believe he heard it. While he's doing so, is there any discussion of Mr. Knaak's motion?

MR. PAHL: Mr. Chairman, I think it sort of accurately represents what Mr. Clark and I originally debated between notions 1 and 3 of the Law Clerk's recommendations. So I'd support it.

MR. CHAIRMAN: Is there any further discussion of this motion?

MR. R. SPEAKER: Mr. Chairman, a question to Mr. Knaak. Does that mean that after the findings of the Chairman and the counsel, those findings could be brought back to the committee and we could make a recommendation in our report?

MR. KNAAK: No, my intention here is that this just go straightforward at this time right from the Chairman to the Law Clerk, then from the Chairman back to the Provincial Treasurer.

MR. R. SPEAKER: Mr. Chairman, is it all right if I just ask a question?

MR. CHAIRMAN: Certainly.

MR. R. SPEAKER: It's your wish at that point that after the findings, the Provincial Treasurer will bring amended legislation into the the Assembly if necessary, and bring about the desires of the committee?

MR. KNAAK: Exactly.

MR. CHAIRMAN: Mr. Clark, do you have any comment on Mr. Knaak's notion?

MR. R. CLARK: I have some concern about the precedent this establishes for recommendations that come as a result of concerns from the committee that we go this route rather than the traditional route for committees; that is, to file a report with the Legislature itself. In no way would I want to see this be a precedent that the committee would be bound to follow in the future, and I would certainly want it noted in the record of this meeting that I think that's an extremely dangerous precedent to follow. If the committee wants to go that route, albeit. But from my point of view it weakens the importance of the committee's final recommendations; I think that's the route we should go. From my point of view, it's establishing a very dangerous precedent.

MR. NOTLEY: Mr. Chairman, I would be prepared to support the resolution, but I was a little concerned at something Mr. Knaak said, when he suggested it would go directly to the Provincial Treasurer. With great respect to yourself, Mr. Chairman, as well as the Law Clerk, we are asking you to pull together a consensus and take that consensus to the Provincial Treasurer. I really don't think that's the way this committee should operate. It seems to me that kind of final approach, with you taking the information to the Treasurer, is fine. But before you do it, it seems to me it would be prudent for all the members to have an opportunity to look over what it is you're taking. I think it's a very dangerous precedent to give to any chairman that kind of -- and this is no disrespect to you; I think you're doing an excellent job of chairing this committee. But it seems to me that once that is completed, if it's on the understanding that the Chairman comes back and we have an opportunity to look at it and then you proceed, then I'm prepared to support the resolution. But I would hate to see just a sort of -- you do it and take it.

MR. CHAIRMAN: Mr. Appleby. I appreciate that your comment perhaps is not to Mr. Notley's qualification to the motion, but would you like to comment now? You had indicated -- was it Mr. Appleby who had his hand up earlier?

MR. APPLEBY: Did you want me to proceed now, Mr. Chairman?

MR. CHAIRMAN: Well, you had raised your hand, and I wasn't sure if it was in connection with Mr. Notley's qualification to the motion, or on a different point relative to Mr. Knaak's motion.

MR. APPLEBY: Well, Mr. Chairman, I think all the discussion at the present time is relative to the same position on the motion. There have been discussions in the committee already expressing the concerns with the ambiguity in Section 13(3), and the request to the Law Clerk for his opinion. Before this committee makes a recommendation to the Provincial Treasurer --

and I agree with Mr. Notley -- I think you should come back to the committee and we would approve that recommendation as such.

MR. CHAIRMAN: Okay, then we obviously have a qualification to Mr. Knaak's motion: that the Chairman will undertake, prior to conveying to the Provincial Treasurer the Law Clerk's assessment of the need to clarify the apparent ambiguity of Section 13(3), that the Law Clerk's written advice will be reviewed by this committee. I'm prepared to give that undertaking. Do I have a consensus then?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Thank you. There being no further items of business today, suffice it for me to remind you that we convene again tomorrow morning at 9 o'clock for a meeting with the Minister of the Environment, then at 11 o'clock with the Premier.

Could I have an adjournment motion?

MR. NOTLEY: So moved.

MR. CHAIRMAN: Thank you.

The meeting adjourned at 2:50 p.m.

