

8:30 a.m.

Wednesday, May 25, 1994

[Chairman: Mrs. Abdurahman]

MADAM CHAIRMAN: I'd like to call us to order and welcome you all back after what I hope was a pleasant break and long weekend.

Approval of the agenda. Motion to accept? Moved by Debby Carlson. Any discussion? If not, all in favour say aye. Carried unanimously.

Approval of the minutes of the May 4, 1994, committee meeting. Are there any corrections? If not, could I have a motion to accept as circulated? Moved by Sine Chadi. Say aye if you agree. Any nays? Carried unanimously.

It gives me a great deal of pleasure to welcome the Hon. Pat Black, Minister of Energy, with her staff this morning and also once again Mr. Andrew Wingate and Bud Cuthbert. Hon. minister, I'd ask if you'd like to introduce your staff at this time, please.

MRS. BLACK: Thank you, Madam Chairman. It's a pleasure to be here this morning, and I do appreciate the rescheduling you accommodated us with a couple of weeks ago. Today I have several officials from the Energy ministry with me. On my immediate right I have David Manning, our deputy minister; then Dr. Rick Hyndman, the assistant deputy minister of our policy division. Next to him is Dr. Rick Lunning, the executive director of AOSTRA; Ken Borch, our executive director of financial services; and Grant Weismiller, the director of financial analysis and planning.

Would you like me to make some opening remarks, Madam Chairman?

MADAM CHAIRMAN: Certainly. If your staff assist in a question, if they could, in the first instance when they speak, just say their names for *Hansard*, please, I'd appreciate that as well. Thank you hon. minister.

MRS. BLACK: Thank you, Madam Chairman. Our focus today, of course, is on the activities of the Energy ministry during the fiscal year '92-93 and the Auditor General's report for that period. That year is particularly vivid in my memory, because on December 15 of 1992 I was appointed Minister of Energy. Before briefly reviewing some of the changes that occurred and some initiatives that were undertaken that year, let me put the role of the Energy department in its proper context.

Alberta is Canada's energy province. With our great hydrocarbon resources, we account for 76 percent of all conventional oil produced in Canada, 81 percent of the natural gas, about 80 percent of the bitumen synthetic crude, and almost half the coal production. Today we can look at this industry as our motor industry, one that develops and has economic prosperity for all of Alberta. The energy industry accounts for 69 percent of total provincial exports and, combined with the pipeline, petrochemical, and minerals industry, is responsible for nearly one-third of our gross domestic product. It also provides thousands of direct and indirect jobs for Albertans and contributes about 20 percent of the Alberta government's overall revenue base.

In October 1992 the government made some substantial changes to help spur our industry along. That was done through a royalty change. We took this initiative in conjunction with industry to look at a comprehensive review and deal with today's economics within the industry. We announced some changes in October. We reduced our royalties and made the system more price sensitive.

We granted a 12-month royalty holiday on new oil discoveries. We made provisions to encourage investment in aging pools, and we introduced a lower third-tier royalty formula for new oil discoveries. The measures, again, were designed to help stimulate our industry in Alberta, which was going through, as many will remember, a very prolonged slump. Our rigs were sitting idle. Sales of our petroleum and natural gas leases were very low, and investment just wasn't coming forward.

I believe the royalty changes were a positive contributing factor to the turnaround we experienced in 1993 when industry activity increased to a marked degree. That turned out to be a banner year for Alberta, one of the best since the mid-1980s. In fact, that year we spudded 7,234 wells in Alberta and had land sales jump to \$503 million. That's 238 percent higher than it was in 1992, so I think the adjustments were well warranted. It also attracted over 5 billion investment dollars to the province of Alberta.

Throughout this last year we have continued to work on the second phase of the royalty review. In this phase the department has been examining the royalties on natural gas byproducts as well as a simplified administration for natural gas byproducts, enhanced oil recovery, and the freehold mineral tax system. Also, we've pushed ahead with work on simplifying the administration of the natural gas royalty. If anyone has ever filled out natural gas royalty forms, I can tell you it was well overdue. They're very cumbersome. Our aim was to reduce the complexity and the cost of the royalty system by streamlining administration. We expect the changes will reduce the number of annual filings by about 70 percent, from approximately 200,000 down to 60,000. It is estimated these changes will save industry anywhere from \$20 million to \$25 million annually, simply through streamlining.

By completing the overhaul of the royalty system and reducing administration costs, we are continuing to improve the efficiency with which the government deals with our industry. With our conventional reserves declining, Alberta's oil sands and heavy oils are becoming increasingly important. At present they account for 20 percent of Canada's total crude oil production, and we expect this figure to increase as time goes on. In fact, many of you have probably heard me talk about our oil sands as Alberta's jewel. I call it the jewel in the crown. I'm always bragging about it. Rick Lunning will like this, because I tell the story that we have 300 billion barrels of some of the nicest crude oil sitting right in our backyard just waiting for full development.

During 1992 and '93 we joined with the federal government in two initiatives designed to support the development of our oil sands and heavy oil reserves. One initiative will see the establishment of the national centre for upgrading technology at Devon. This will involve collaboration between the Alberta Research Council and the Canadian Centre for Mineral Energy and Technology, better known as CANMET. As part of this joint initiative, the federal government will strengthen CANMET operations in Alberta by increasing its staff at Devon and doubling its research dollars here in Alberta.

The second initiative calls for the creation of the National Task Force on Oil Sands Strategies. The mission of this task force will be to serve as a catalyst for further development of oil sands resources. It will prepare a strategy for growth and takes into account technological, economic, environmental, and marketing factors. The oil sands are our future. They've become very important to Alberta.

Alberta Energy is also responsible for the Electric Energy Marketing Act, better known as EEMA, one of my favourite topics. During the year we released a report from a seven-member panel established to review that Act. EEMA was implemented, as members will remember, in 1982 with the primary objective of

reducing electrical rate disparities throughout the province by equalizing the wholesale costs of electricity across the province. Under EEMA electricity is purchased from each utility based on its own generation and transmission costs and then resold to the utility at the overall average cost. In its report the panel said that EEMA had helped achieve reduction in electricity rate disparities, but it found an unfair element in the EEMA pricing formula. Throughout the review process we stressed that consultation and public input were very important, and we continued to do so after the report was released. In fact, we sent copies to all parties that had written submissions to the panel, giving them an opportunity to comment on the recommendations. As members will know, the ongoing discussion continues with EEMA, and hopefully it will be resolved very soon.

This year also saw restructuring of finance and administration services between Energy and Environmental Protection. This became necessary after Environmental Protection was given the responsibility for forestry, lands, and wildlife.

One final point, Madam Chairman. In his report, the Auditor General made several recommendations concerning the Alberta Oil Sands Technology and Research Authority, better known as AOSTRA. The department has accepted these recommendations in principle. Under the restructuring plan announced in February, we are bringing AOSTRA into the department as part of the new oil sands and research division. In future, AOSTRA will be following the standard accounting policies and procedures of the department. We are confident this will resolve the Auditor General's concerns.

Madam Chairman, I hope this brief review will prove helpful to you and your members. In evaluating the department's performance, might I suggest that you consider the following three factors: first, industry activity; secondly, future revenues for the province; and thirdly, the level of expenditure by the ministry.

Thank you very much. I welcome any questions you might have.

8:40

MADAM CHAIRMAN: Thank you very much, Hon. Pat Black.

If we could just remind members of reference points, please, to assist the minister and staff.

Gary Friedel.

MR. FRIEDEL: Public accounts, volume 2, page 2.51. The first question relates to vote 1.2.5, automated information services. I'm wondering if the minister would comment on the reason for an overexpenditure of about 150 percent on this item, from \$802,000 to \$2,065,000.

MRS. BLACK: What was the reference again, please?

MR. FRIEDEL: Vote 1.2.5 on page 2.51, automated information services.

MRS. BLACK: As you know, we went through a change in our ministry with separating out environmental protection administration costs when forestry, lands, and wildlife were shifted over to Environmental Protection out of Energy. Part of the changes we incurred were a result of that shifting around process that took place. In addition to that, we had changes in our own administration that were quite large. I think that as we went through our systems changes – as you know, we're going through a change in our own system with the royalty simplification process that added an awful lot of dollars. Now, the original stage was that we transferred, I believe . . . I'll ask Rick or Grant to get in here.

MR. WEISMILLER: Okay, if I could. I'm Grant Weismiller. In the past, energy and forestry finance and administration functions were split between the energy and forestry departments on a 40-60 relationship. What happened was that when forestry became part of Environmental Protection, we had to revamp all the finance and administration budgets. When that happened, the budgets were reallocated between environment and ourselves. It gives the appearance that the automated information services budget was overexpended. In effect, we made transfers when that split-up took place to realign the budget, and you're not seeing the effect of those transfers.

MADAM CHAIRMAN: A supplementary, Gary?

MR. FRIEDEL: Yes. Going down just a bit on the same page, vote 2.1.1, and referencing it to 2.1.2, which is right next to it, I'm curious why the administrative support of \$4.7 million is required to support a program function under resource agreements of only \$3 million. The administration is higher than the program function.

MADAM CHAIRMAN: Hon. minister, it's on the same page, 2.51. It was 2.1.1 and 2.1.2, administrative support, resource agreements.

MRS. BLACK: Okay. What's involved in the administrative support area there is sometimes a little misleading, because it involves under program 2 support services in the mapping and the computer and manual services, financial, personnel, and general administration and works on the agreements related to encumbrances on our mineral side. So it's quite a change, Gary. Plus, of course, through our readjustment of the department, you're going to see variances throughout the whole system, as we've readjusted and realigned and separated ourselves out from Environmental Protection and focused that administration cost out.

The total cost of the function normally would be about \$4 million, and these functions have all been reassigned through our restructuring program, which brings that down to about \$400,000 for this next year. So it's a change in process because of what we're doing. But it's quite a broad administration. It's not the normal administration you'd think of, because they do have direct functional responsibilities in computers and manual records, et cetera, which are very, very large.

MR. MANNING: If I could just clarify. The way I heard the question, there may have been a misunderstanding. The agreements were \$3 million in value, but in fact that was a \$3 million expense on agreements. And there is a breakdown between function. The agreement, the \$3 million, relates to the 60,000 permits and licences and whatnot that we administer as a department, whereas the admin support is the mapping, geological survey. So there are two distinct functions within the same area, and that \$3 million is an expense item and not a valuation on the agreements. The actual value of those agreements is much, much higher.

MR. FRIEDEL: Okay. Going back two pages to 2.49, the entire area of vote 1, departmental support services, each item in that vote was overexpended. I'm just wondering if you want to make a general comment on that.

MRS. BLACK: It's the realignment again, the shift from what was in Energy on forestry, lands, and wildlife over to the Environmental Protection area and the voluntary separation program that

occurred within our department. As you know, that program came out in the last quarter of the 1992-93 fiscal year. It is in fact reflected in here, so there were severance payouts. The packages were taken up by a number of our employees, so that's why we're overexpended actually in all those areas.

MR. FRIEDEL: Okay.

MADAM CHAIRMAN: Dr. Hyndman, do you wish to supplement?

DR. HYNDMAN: If I could, please. If you look at 40 percent of the original finance administration budget, Energy had approximately \$6 million of that budget. When you factor in the transfers – and you'll see that the transfers of approximately \$2.5 million and \$2.9 million are part of that restructuring – you'll have to see that as coming in to offset those overexpenditures. That basically restated everything.

MADAM CHAIRMAN: Thank you.
Mike Percy.

DR. PERCY: Thank you, Madam Chairman and Madam Minister. My questions fall under reference vote 6 in volume 2, page 2.50, and they relate to the Lloydminster biprovincial upgrader. My first question: in light of the fact that there's been about \$300 million in write-downs, persistent operating shortfalls being incurred by the upgrader, can the minister provide some indication of the results of any cost/benefit studies or any analysis undertaken in the department during 1992-93 which justify the additional taxpayer investment in the facility?

8:50

MRS. BLACK: Well, as the hon. member will know, start-up of this project was in the fall of 1992. We had just gone through a construction phase on the upgrader up to that point. Keep in mind that this is a major project that involved the federal government, the government of Saskatchewan, the province of Alberta – we have a 24.17 percent interest in this project – and Husky Oil. So start-up, I believe, was in September and officially in November of 1992. I can say from my experience in the industry that this plant was probably one of the best start-ups that could have occurred. It did, in fact, experience additional costs, and that is not unusual for start-up of a plant of this nature. As you all know, we have been working hard with the other partners to see what the financial future of the plant is, and those discussions are continuing right now. Grant's just showing me that in September we had an average production during 1993 of 42,000 barrels a day out of that plant, which was far above expectations. So now that we've gone through the one year of production phases, it's time to reassess where it is and what the future holds with it. As you know, there was a realignment out at the plant a month ago, I guess, now; those people that were added on during start-up are now no longer there. They've been able to have the one year of production, go through a review, and start to streamline the process. So it's an ongoing scenario at the upgrader, one we monitor very, very closely because of our large investment in the project.

DR. PERCY: Could the minister comment on the assumptions related to exchange rate, inflation rate, margins between heavy oil and light, sweet crude, and sulphur prices that were used by the Department of Energy – it would have been in '92-93 – to project that the upgrader would earn income by '94-95? This is actually referenced in the Financial Review Commission report, the

anticipated profitability. So is this basically the underlying assumption?

MRS. BLACK: You'll know that forecasts are only forecasts, and I guess if I had to rely on the forecasts I've had – nothing personal against economists, because I think the world of them. Every day I get five different scenarios, so I don't know how much weight you can put into those. But keep in mind that the profitability of this is based on a price differential, and if anybody can project the price of crude in today's environment, then they are multimillionaires out there. There isn't anyone that can go that far forward and make those forecasts valid today. So you use the best scenario you have. If anyone could tell you where the Canadian dollar is going as well on the exchange rates, they also would be up on a pedestal somewhere, because no one knows that either. So when you look at all the changes that occur that we have no ability to monitor or have no control over, then you're doing the best forecast possible at that day, and that can change tomorrow.

What we look at is what the margins are, the low and high potentials. They ranged originally from 3.1 percent all the way up to 12.4 percent. That was the range when the original thought came out. Quite frankly I can't tell you where that will end up, because each year we have to look at these factors that enter into the assessments and we don't have an awful lot of control over some of those elements. I can tell you that what has happened as a result of this project is that it has allowed Alberta and western Canada to enter into an environment in heavy oils and synthetic crude that we did not have the opportunity for before. It got us a presence into that and a process that would get our industry into that market itself. So it has had some tremendous positive effects on our industry. It's a major project that is long term. It also provided, quite frankly, an economic boost for the area that would not have occurred – would not have occurred – if it had not been for this project. So there have been a lot of spin-off effects from the upgrader that have been very positive – a very positive move. Now, on what the future will hold, I can't tell you that.

DR. PERCY: The final supplemental relates to the actual agreement between the joint venture partners that was signed in '92-93. The question here is the share Alberta taxpayers were responsible for in that fiscal year relative to the reimbursement of the operators for running that facility. Really, at issue here is the size of the management fee.

MRS. BLACK: Are you asking me the size?

DR. PERCY: Yes.

MRS. BLACK: As I've told you, I have asked and I have not been given permission to release the operating agreements. Because of their commercial nature, I cannot release them unless I have agreement from the other players. As you know, the hon. Member for Redwater tried to play a game in this House by saying he had obtained those agreements from the federal government, and what he had obtained were agreements with all the pertinent information whited out. So all governments are bound by the same commercial regulations we are bound by. Unless we have permission from all players to release that, we are not at liberty to do that.

MADAM CHAIRMAN: Thank you, hon. minister.
Richard Magnus.

MR. MAGNUS: Thanks. I'm in volume 3, page 1.108 and a whole bunch of notes.

MADAM CHAIRMAN: Could you repeat the reference?

MR. MAGNUS: Page 1.108, volume 3.

MRS. BLACK: Oh, volume 3. I'm sorry.

MADAM CHAIRMAN: It's the Alberta Oil Sands Technology and Research Authority.

MR. MAGNUS: There are a whole bunch of interesting notes here. Note 4 on 1.108 talks about potential recoveries and talks about \$30.8 million. Can you tell me: what's the nature of the amounts and the likelihood of collection?

MRS. BLACK: Well, the \$30.8 million is future revenues that we should receive from our joint ventures in our projects: \$24 million comes from the Shell SAGD at Peace River; \$3 million should come from each of the Norcen heavy oil seam pilot project and the Vikor Resources enhanced recovery Joffre project. We really feel that the collection of this is very, very good and very likely to occur, so it's listed as recoverable, Richard. These are from our joint venture partners in the project.

MR. MAGNUS: Looking at the next note then, number 5, we've got outstanding commitments as at March 31, 1993, totaling \$18.4 million. How sound are the commitments, and is it possible to back away from those commitments?

MRS. BLACK: No, they're actual agreements that have been signed by the board through board resolution. I think in all instances it would be next to impossible to back out of those.

MADAM CHAIRMAN: Supplementary.

MR. MAGNUS: You're going to give me an extra one?

Note 6 talks about legal proceedings and a claim for 3 million bucks. What's that?

MRS. BLACK: There was a lawsuit that evolved a number of years ago. I can report that it has now in fact been settled out of court and doesn't show up in this fiscal year but should show up in the next year. It was an outstanding claim, and of course we have to show it and footnote it as being a potential liability. It didn't result in the \$3 million. In fact it was settled at \$1.625 million and will be paid out over four years. We paid some this year, and in the next three years the balance will be paid out. So it in fact has now been resolved.

9:00

MADAM CHAIRMAN: Thank you, hon. minister.

Sine Chadi.

MR. CHADI: Thank you, Madam Chairman. The government provided around \$81 million in interest free advances to Syncrude in support of basic engineering and planning for expansion of the plant. In 1990-91 the government wrote down the \$81 million in advances that it had provided. In September '92, though, Syncrude came back and made an application to the ERCB for a revised construction date on the new facilities. My question to the minister, then, is: given the announcement by Syncrude in September 1992 that it had made application to the ERCB for a

revised construction date on the new facilities, can the minister comment on whether the government gave consideration between September '92 and March '93 to providing financial assistance?

MADAM CHAIRMAN: What was your reference point, Sine?

MR. CHADI: Well, page 2.51, volume 2, vote 6 would fit in that area, oil sands equity management.

MADAM CHAIRMAN: Thanks, Sine.

MRS. BLACK: Well, first of all, I don't believe that as of this week the application has been finalized with the ERCB, so I can't comment on that side of it. You've got me in a bit of a dilemma, because anything before the Energy Resources Conservation Board I cannot make comment on until the decision has been completed and has been made public. It is a quasi-judicial board, so I can't answer your question as to what the outcome of that hearing is because, quite frankly, I don't know.

MADAM CHAIRMAN: Thank you, hon. minister.

Sine, is there another question you want to approach, or is there something supplementary?

MR. CHADI: I'm going to respect that. Let me come back to it. Firstly, I want to go to volume 1, page 14. Under the long-term investments of our consolidated financial statements, we look at venture equity, participation in Syncrude project. There seems to be about a \$19 million amount. This amount was reduced from 1992 to fiscal year '93. Can you explain why the equity investment in Syncrude was reduced by that amount?

MRS. BLACK: That doesn't come under my ministry, quite frankly. It comes under the Provincial Treasurer. But I believe it was the . . .

DR. HYNDMAN: Actually, as I understand it, you get fluctuations between the amounts they pay out in dividends and the amount of our investments. That's why you see the possible annual fluctuation.

MRS. BLACK: Okay. It's our equity participation in the project.

MADAM CHAIRMAN: Supplementary, Sine?

MR. CHADI: No, that's fine. I'll come back.

MADAM CHAIRMAN: Okay. Thank you.
David.

MR. COUTTS: Thank you, Madam Chairman. I'm referring to volume 2, page 2.51. I'm looking at program 1 there, departmental support services. I notice that vote 1.1.1, the minister's office, was overexpended by \$75,000. I was wondering what the reason for that would be.

MRS. BLACK: Well, if you go back to the year 1992 mainly, if you recall, there were an awful lot of unexpected disputes, particularly with California, taking place as we were trying to look at the expansion of our gas into the California market on the expansion of PGT, which prompted an awful lot of traveling back and forth through regulatory processes and trying to carry the load for Alberta in ongoing disputes that were occurring with California. In addition to that, on the Canadian side of the border we

had, of course, the very long hearings on TransCanada Pipelines that were taking place and the proceedings – and they were very critical to Alberta – on what's called the IPL line 9. That was costly. The additional travel and the teams to go down to make the representations – when that occurs, it gets charged through the minister's office.

It was a critical time for us, and some of that carried over into '93. We can say that we did make resolution of California in the summer of 1993 and were successful, I believe, in presenting Alberta's position on line 9. That was a critical process for us, because it alleviated a premature reversal of a line that ran from Sarnia to Montreal which could have been very detrimental to our Alberta crude industry and potentially displaced roughly 200,000 barrels of Alberta crude a day. It was very important that we participated in those proceedings and ensured that there was not a premature reversal of that line 9. So that's where we ended up going way over budget, because those were not anticipated costs. Remember, back in those days they budgeted once a year. They didn't do updates as we do now, so they were not reflected in these costs.

MADAM CHAIRMAN: Thank you, hon. minister.
Supplementary, David.

MR. COUTTS: Thank you, Madam Chairman. In a similar vein, if you look at vote 1.2.2 in that same section, under general services, I'd like to ask what services were provided under that particular vote and why it spent \$4,750,000, which is an overexpenditure of \$600,000 by your budget.

MRS. BLACK: The main part of that, of course, is the voluntary separation program. Almost \$20,000 of that was for the voluntary separation program which, remember, was not budgeted for in fiscal '92-93. It wasn't introduced until the spring of 1993, the first three months after the new administration came in place, so it had not been budgeted for. We were fortunate in our ministry to be able to cover the cost of that program without having to go for a supplementary estimate. It was mainly the cost of that program and, again, some of the sharing between forestry, lands, and wildlife. Now that that has shifted, we won't see that again in this next year. So everything's kind of out of sync because of the restructuring and the realignment between the two departments.

MADAM CHAIRMAN: David, a final supplementary.

MR. COUTTS: Thank you very much. As I look down that whole line under departmental support services, there are only three under budget, and those are the deputy minister's office, Energy communications, and the senior assistant deputy minister's office. I guess my final question as it relates to vote 1.2.6, the internal audit – it was overspent also. I was wondering why there were so many elements in that whole department that were overspent last year.

9:10

MRS. BLACK: Well, I mean, it's the same answer. As we've gone through the audit process, et cetera, again it's the split-out in that whole area. You're going to see this look odd throughout our accounts as we spin off forestry, lands, and wildlife over to Environmental Protection and you take in the voluntary separation program and realign this. It's caused our numbers to look out of sync. I have to say once again that we were able to handle all of this without any supplementary estimates coming forward. So there are transfers here and there. We were able to transfer

interdepartmentally to cover those anomalies that in fact took place in the final quarter of that fiscal year. They were not budgeted.

MADAM CHAIRMAN: I believe Mr. Borch would like to supplement, hon. minister.

MR. BORCH: If I could refer you, sir, to page 2.49, at the top of that page there's a transfer of \$2.9 million which shows up. That total transfer was not included on 2.51.

MR. COUTTS: Thank you.

MADAM CHAIRMAN: Thank you very much, hon. minister.
Debby Carlson.

MS CARLSON: Thank you, Madam Chairman. Good morning, everyone. I would like to address research grants. That's on page 2.51, vote 4.0.2. The grants increased more than \$300,000 over what was estimated. Could you explain to me the criteria for obtaining a research grant?

MRS. BLACK: Well, as you know, AOSTRA was set up as a separate body in 1992-93. There was a board that was associated with AOSTRA. AOSTRA was also a body that had joint venture partners. They looked at projects that were reasonable for AOSTRA to be involved with and that were in keeping with the mandate for the development of the oil sands. So as they went through and evaluated which projects they were to get involved with, they kept in mind the focus of the mandate and the objectives. They were evaluated on an individual basis to see the merit of how they could enhance the development of those oil sands.

We've got with us, I believe, a list of some of the projects that were undertaken by AOSTRA that have been very successful, and I think it would be helpful for members to see that. They're extremely technical, and if I went into the engineering terms, I'm sure Dr. Luhning would cringe. I use simple one-dollar words when explaining some of the projects, but he would use far more technical ones. Maybe you'd like to talk about some of the projects and the research components of AOSTRA, Dr. Luhning.

DR. LUHNING: Certainly, I'd be happy. It's Rick Luhning, for *Hansard*. You asked the criteria, and the minister explained in general terms. I might take a moment just to go through the actual procedure which is used. Virtually all the funding that is done is in response to an application for financial assistance which can be submitted by individuals, companies, corporations, et cetera. These are on an open competition basis. In some cases we do put forward a call for proposals. This is mainly in the university area, so it fits in with the particular fiscal year, et cetera, with the universities. The criteria we generally have is that it has to have a significant portion of the project being funded by industry or the applicant that is making the request for financial assistance.

When AOSTRA first started on June 6, 1974, the criterion that was set was to have an objective of funding most projects to come into 50 percent funding by the Alberta government and 50 percent by industry. June 6 of this year will be the 20th anniversary. We've looked at the full amount of expenditures that were done over that approximately 20-year period, and it comes within decimal points of being on a 50-50 basis. Not every project has been 50-50, they've varied, but the total amount over that 20-year period has hit the 50-50 mark.

The evaluation criteria are to relate to the long-term objectives of the ministry and of AOSTRA within the development of the oil sands. The routine that goes through is that there is an indepen-

dent evaluation committee that would have expert members from within AOSTRA, the department, and consultants that have not got a vested interest or are not in a competitive position on the particular application. It's reviewed first for technical merit – i.e., is what is being proposed actually something that has scientific merit and is scientifically possible? Then after it has gone through that and we have a solid scientific and technical project, it then goes through an economic evaluation process, making the assumption that what is being proposed will in fact translate into reality. If it did, would you have an economic advance over what is the current practice? If those fit together and the funding is available and the funding from the applicant, then you move to a letter of intent stage and eventually to an agreement stage.

There's a wide variety of projects that have been undertaken. I think one project that has been highlighted in the Auditor's latest look at AOSTRA in particular has been the underground test facility project. This is one that is currently at the 2,000 barrels-a-day precommercial prototype scale. It's currently selling the produced bitumen to Syncrude. This project has had a particularly interesting history in that it has gone through a number of phases over the year. The project actually started in – if I might take a moment on this one, if you wish. I'd like to highlight it, because it is one that is at the point of flipping over from the experimental part to the commercial part of it, we hope, in the near future.

The history of it is quite interesting. It started in 1978 with a visit that was put together for people from Alberta by Williams Brothers Consulting. It was a visit that had members from AOSTRA, Petro-Canada, economic development, and the private sector that went to the U.S.S.R. to a place called Yerevan, where they had done a project that used shafts and tunnels with horizontal drilling. That was viewed and observed, and it looked like a very interesting approach. In those days horizontal drilling from the surface was not technically reasonable to undertake. Following that and in that 1978 through '80 period, there was a project operated by Petro-Canada called MAISP, mine assisted in situ production project. This was a horizontal drilling project that was done on an outcrop just behind the Suncor surface mining plant as it abuts on the river where the oil sands is exposed. That project, in which AOSTRA participated, called for drilling a horizontal well, actually three horizontal wells, with a type of rig that would be used in an underground tunnel situation and injected steam into the formation. This worked out. There were a number of problems with that, particularly on the confinement of the steam, but the thing did make oil and made a reasonably encouraging amount of oil.

9:20

Based on that, AOSTRA received in about September of '79 an application for financial assistance from Gulf Canada, and this was to look at the feasibility of doing a shaft and tunnel type of project very similar to the one that now is located on the AOSTRA lease just behind Syncrude, the UTF project. That would have been done on Petro-Canada's Surmont lease, which is about 40 miles south of Fort McMurray. This project was looking very, very prospective, and in order to set up some additional industry participation in the project and bring it forward to the experimental stage in the field, Gulf and AOSTRA put on an industry meeting and at this meeting asked for participation from other companies to join the project. There was a lot of enthusiasm. That meeting was held on October 28, 1980, which I think a lot of people in this room will remember. When we started that meeting, a presentation to the industry at 9 o'clock in the morning, we had a project that looked like it was going forward and there was a lot of industry interest. When we walked out of the meeting at noon,

there was a big question mark about where the future of that would be. You'll remember, of course, that at 11 o'clock that morning it was announced in Ottawa that the national energy program had officially kicked off, and that changed the whole scenario and direction for the oil industry, of course, in western Canada and affected particularly the oil sands.

I won't take too much longer. I'll go quicker.

Following that, of course, the project went into abeyance and this sort of thing. However, we didn't want to stop on this. The Alberta government and the department of energy didn't want to stop on it. In October of '82 that particular project with Gulf ended, with nothing to happen after that because of the aforementioned events. Shortly after that, in late '82 and the beginning of '83, the energy department assigned to AOSTRA the current lease on which the UTF project was constructed; in essence, gave to AOSTRA the green light to go ahead and put together this very innovative type of project.

Moving forward from that, we had a meeting in about May of '84 in the theatre of the Glenbow Museum in Calgary. It was a packed house. At that meeting we laid out the plans, et cetera, for the UTF project at that site. Out of that we put together a group of 16 companies that went through a long task force on it and essentially designed the program that went forward. The official opening of the UTF, the first phase of it, was on June 29 in 1987, and at that time we were able to announce two partners. Our friends CANMET from the federal government, who have been referred to earlier, were the first to put money into it, and the second company to come in was Chevron Canada. Interestingly enough, Chevron Canada had been one of the first companies that applied to the authority in 1975 for a horizontal well project. This was a technology that they called their HASDrive method that was invented in La Habra, California. It involves a combination of vertical wells and horizontal wells. So we went forward there, looking at two processes at the site: the twin-well SAGD process, which the minister referred to earlier, and the Chevron HASDrive one.

Following that time, in rapid succession we built up to seven partners. That project, the first phase of it, was completed in March 31, '91, and it's remarkable that after all the years of in situ trying in the province and in Athabasca for about 50 years previous to that, both the HASDrive one and the SAGD process worked out very well. Chevron on the basis of that moved to the Texaco Steepbank project on the other side of the Athabasca River to do a commercial-scale HASDrive project, and at the UTF we continued expanding the project into the 2,000 barrels-a-day operation it is today. We were helped along after that when the Japanese, Japex, joined us. They actually signed the agreement to join, to put in \$7.4 million, on December 25, 1991. I don't think they work on Christmas day in Japan, except maybe to sign agreements. Then following that, China National Petroleum Corp. entered the project in May of '92, making again a \$7.4 million investment and creating a CNPC Canada company that is in Calgary.

We've moved on and completed the first part of the operation, what we call phase B-1, and we're now completing the second part, phase B-2, and, as I say, making the 2,000 barrels a day.

Having got to that point, I think you can reasonably see that that is about as far as you probably should go in an experimental operation. So in about May of '94 the minister sent an invitation to each of the nine participants in the project plus Syncrude, asking for bids to become the operator of the project and champion it into a commercial entity based on the technology which has been developed there. The outcome of it is that the sort of winner of the bid, if you like, has been CS Resources. You will have seen

that in the newspapers and industry journals over the last little while. CS is a different player to the oil sands. This is a small, technology-driven company well versed in horizontal well technology and a different company because you don't have to be one of the seven sisters now in order to get into the oil sands scene. So we're just now completing the turnover of the project, the operatorship of the project to CS Resources, who will become an equity participant in it.

Now, the final part of that, just to wrap it up. You say: what's so particular about this UTF project? Why is there any excitement about it? What was actually created? I guess to put that in perspective, we asked the Energy Resources Conservation Board in the summer of '93 to look at every oil well in Alberta and give us a profile on the production rates from those wells. There were 24,467 producing oil wells in the summer of 1993. At the UTF we have three horizontal wells that produce 2,000 barrels a day. That's 670 barrels per producing well. We asked the ERCB how many of those 24,467 wells currently in Alberta make 670 barrels a day or more, and the answer was that in that time period there were 64 wells in Alberta. One-quarter of 1 percent of all the current light oil any kind of producing well, horizontal or any kind of well that produced oil – 64 made more than that. So we're saying now there's some technology that says we can produce at the highest one-quarter of 1 percent oil rate of any oil well in Alberta.

The other interesting part of that is that those 64 wells make 8 percent of Alberta's oil production. Sixty-four wells make 8 percent. On the lower end of the scale you've got 10,000 wells, the stripper wells. Those 10,000 make 8 percent. If you want to put it into something in the future – and you can always speculate on the future when you're in research – say you wanted to produce half of Canada's oil using UTF wells . . .

MR. CHADI: Madam Chairman, we're discussing 1992-93.

DR. LUHNING: Sorry. I'll end it at that point.

MR. CHADI: You'd make a great minister. I can tell you that right now.

MADAM CHAIRMAN: Sine, it was at the prerogative of the minister, and I certainly wasn't going to rule Dr. Luhning out of order.

MR. CHADI: Of course not, but we've got to go back to 1992-93 if we can.

MADAM CHAIRMAN: Mr. Chadi, through the chair, please.

MR. CHADI: I'm sorry.

MRS. BLACK: Madam Chairman, the point I guess we're trying to make: we don't get an awful lot of profile on the technological enhancement that has evolved out of AOSTRA over the years. Today what we're seeing is the move from scientific technology to the commercialization of this project and the importance of that – as I indicated in my opening remarks, the jewel of Alberta, the oil sands. One of the things that I think would be most beneficial for members of your committee, and we would make the offer – Corinne was with us when we were on heritage trust fund – is to take you to the UTF and let you see it. Until you are actually there, going down 400 feet below ground in a mine shaft, and watch this process, it's very difficult to envision how fundamentally important this is. I presume there are two rigs still drilling

below the limestone up in the sands, so we would make that offer to you.

9:30

MADAM CHAIRMAN: What I was going to do was allow the supplementaries, and then I'm sure you can ask.

MRS. BLACK: Well, we'd like to offer that trip to your committee once we're out of session, to take you and show you.

MADAM CHAIRMAN: Certainly. We'll get Corinne to make arrangements through you, hon. minister.

Debby, would you like to ask a supplementary, please?

MS CARLSON: Yeah.

MR. CHADI: Are you sure there's one left now?

MADAM CHAIRMAN: And don't let your colleague Mr. Chadi distract you, please.

MS CARLSON: You said that one of your criteria was an economic evaluation process, which I think is very commendable. Do you use as one of your criteria the potential for job creation, particularly in this jobless recovery that we're in and which started in this time period? I'm wondering if you do any tracking of actual jobs created as a result of the research you're involved in.

MRS. BLACK: Well, of course AOSTRA is the research component. We go through from the development, and in the added benefit to the industry we can clearly see the creation of jobs at the other end, actually out in the field. Where they concentrate on the research component, the actual job creation would come on the commercial side. Clearly, enhancements in development and the increase in productivity and production have certainly led to direct jobs and definitely indirect jobs. Keep in mind that part of the linkup with AOSTRA is what happens in research facilities in the universities and in research centres that are attached jointly through the universities and AOSTRA. The U of C is an example, with the Petroleum Recovery Institute and CERl and CMG. You can see research where AOSTRA as a partner in that component has taken a lot of our very young scientific minds and put them into that environment. As a result, what has happened is that things that are not necessarily oil sands – and I love the 3-D seismic program that comes out of CMG down in Calgary in the Petroleum Recovery Institute. So you do see that spin-off and the actual employment of that technology, and that's where the job creation comes.

MADAM CHAIRMAN: Final supplementary, Debby.

MS CARLSON: A clarification first?

MADAM CHAIRMAN: Certainly.

MS CARLSON: Do you actually track them?

MRS. BLACK: The direct jobs?

MS CARLSON: Yes.

MRS. BLACK: Yes, I report them here in this House. I can't tell you the number for that year, but I can tell you from last year. From changes that have been made – the market of course is

instrumental in the actual activity levels, because this is a deregulated market we're in, and if the market is appropriate, the activity level increases. We can now say that over 20,000 jobs have been directly developed this last year because of the activity levels that have occurred within our industry. A lot of that activity has employed new technologies like horizontal drilling, pad drilling. They're doing slant drilling off pads, et cetera. The technology has been developed, it's being employed, and the activity level is using it up.

MADAM CHAIRMAN: Final supplementary, Debby.

MS CARLSON: Thank you. I don't see anywhere on this page – and maybe I'm just overlooking it – research dollars for alternate energy sources. I'm thinking particularly of solar energy or wind energy.

MRS. BLACK: That doesn't come under this area. This is oil sands. In fact under heritage trust fund dollars there was a program called SWAREI, the southwestern Alberta renewable energy initiative.

MS CARLSON: So the only research dollars you spend in this department are on coal and hydrogen technology and oil sands research. Would that be true?

MR. WEISMILLER: In addition to the dollars we actually spend, there was a program which many are familiar with, the small power research and development program, under which consumers of electricity in this province paid a premium to develop alternative sources of energy: wind, biomass, and small hydro.

MRS. BLACK: But our department doesn't expend money on that.

MR. WEISMILLER: Only out of the heritage savings trust fund.

MRS. BLACK: The SWAREI program came under the heritage savings trust fund, and the small power program was directly funded through consumers in the province of Alberta. There were no dollars expended other than in policy formation within the department.

MADAM CHAIRMAN: Thank you, hon. minister.
Jocelyn Burgener.

MRS. BURGNER: Thank you, Madam Chairman. Not to belabour the conversation that has been ensuing, I would like to refer to the Auditor General's recommendation 24 on page 92 with respect to AOSTRA. It would appear that there was some difficulty in supplying the minister with timely and appropriate information. I understand from some conversations we've just heard why this was the case, but clearly the Auditor General is looking for some direction from the department in this area. My question regarding the Underground Testing Facility is: was the minister not receiving adequate information, and what was the reason for this particular recommendation? Perhaps it has actually been unfolding in the discussion we've just had.

MRS. BLACK: As we indicated earlier, AOSTRA was a stand-alone body, as were many of the agencies and boards that reported through the Minister of Energy. As such, there was a board that governed the day-to-day activities of AOSTRA independent of the Department of Energy. We're now able to say that we've joined

together and moved the functional AOSTRA aspect into the department and created an oil sands research division directly in the department so the communication linkup and the reporting relationship will be the same as the balance of the Department of Energy. So there will be a consolidation of those functional areas within the department.

It was purposefully set up as a separate body originally, but as things developed along the way, we found we needed to have a closer linkup because of the importance of the development of the oil sands for the future of the province. So that move has been made, and the recommendations have been accepted.

MADAM CHAIRMAN: A supplementary, Jocelyn?

MRS. BURGNER: Thank you, Madam Chairman. Then we move to recommendation 25. I think what we're hearing in the Auditor General's report is the concern that the industry kind of has a life of its own, so there's a need to make sure there are some controls in place. Recommendation 25 requests that there's an improvement in classification, budgets, and disclosure of administration costs. My supplementary would be: have those recommendations also been implemented?

MRS. BLACK: Madam Chairman, yes, in fact they have. We've accepted that recommendation and steps have clearly been made to rectify that so there is consistency of reporting, the same as what is in place for the department. Of course, now with this joining together to focus on our oil sands through our new division, that is being rectified.

MRS. BURGNER: My final supplementary refers to the Auditor General's report. The Energy Resources Conservation Board had conducted a review of the controls over capital assets. I'm wondering if the minister has any information regarding the results of that review.

MRS. BLACK: Yes, in fact they did do a review of their control mechanism and have revamped that and been able to not only assure that all the assets were in fact in place but to bring their system up to a better control mechanism. So that in fact has been done.

MADAM CHAIRMAN: Thank you, Jocelyn.
Thank you, minister.
Alice Hanson.

9:40

MS HANSON: Thank you, Madam Chairman. The minister touched on the business of the internal audit that happened during the time forestry, lands, and wildlife was moving and that sort of thing and that there was an overrun of \$80,000. What I am interested in is: what was the nature of the activities? What happened during that audit? I don't understand enough about internal audits, so I would just like to know: what is an internal audit? What caused the overrun, and what was the nature of the activities during the internal audit?

MADAM CHAIRMAN: Volume 2, page 2.51, 1.2.6, I believe.

MS HANSON: Pardon me. I'm sorry; I meant to give you that.

MRS. BLACK: Do you want to answer that?

DR. HYNDMAN: If I could. Actually, our internal audit is not focused on one investigation. Rather, it's a kind of independent

appraisal of activities in the department, so it evaluates our internal controls, working basically with the Auditor General. Again, the reason for that, the variance: it's misleading to look at the variance in that it doesn't reflect the transfers that took place. That's part of the breakup between forestry, energy, finance, admin. So our internal audit branch reports findings and makes recommendations to management to improve our internal controls.

MS HANSON: Just for clarification, Madam Chairman. You say it doesn't reflect the transfers that took place, and that's in regard to forestry, fish, and wildlife going over.

MRS. BLACK: Again, Alice, if you go back to the original page, there was a \$2.9 million transfer on statement 2.7.1 that is not included in the estimates on page 2.51. I don't have a clue why. If you go to the original volume 2 to statement 2.7.1, you'll see the summary of the expenditures by programs and subprograms.

MADAM CHAIRMAN: Which page are you on, hon. minister?

MRS. BLACK: It's 2.48, statement . . . There are all these different references. Sorry. If you look at the top part under vote 1 and go under transfers, you can see the \$2.9 million transfer.

MS HANSON: Yes.

MRS. BLACK: The original that was authorized was \$13 million, and the \$2.9 million – well, if you go over to page 2.51 where you were asking the question from, you can see the \$2.9 million isn't reflected showing as a transfer. So all the adjustments in this are transfers that were made as a result of the realignment between forestry, lands, and wildlife and Energy. Is that correct?

DR. HYNDMAN: That's right.

MADAM CHAIRMAN: Supplementary, Alice.

MS HANSON: Yes. While we're on this subject, could I ask you about the audit which wasn't called an internal audit. It was line 1.2.3, the financial services audit again, which was an overrun of \$600,000. Was that for similar reasons?

MADAM CHAIRMAN: Which page are you on?

MS HANSON: Page 2.51. It's vote 1.2.3, and then 2.2.4. Sorry; I got the wrong line for you. I'm going to drive you crazy here. Page 2.51, 2.2.4.

MR. MAGNUS: You're doing that to all of us actually, Alice.

MS HANSON: I'm trying my darndest.

MADAM CHAIRMAN: Have you found it, hon. minister? Page 2.51, revenue audit 2.2.4.

MS HANSON: What I was curious about is that there's the internal audit and the revenue audit.

MRS. BLACK: The external audit as opposed to the previous question, the internal?

MS HANSON: Yes.

MRS. BLACK: The audits on the revenue, from the royalties, et cetera, and the mineral taxes are in fact done by an audit team that

goes through a process again. We've probably had some . . . In fact we did. How many people did we lose there? Part of the problem was that we lost 10 percent of the staff in that area through the voluntary program. The focus of that area, of course, is to go out and audit the Crown share of the minerals that are produced, and that's an extremely important function to have. As we go through this last year of increased activity, I'm sure that group is going to be extremely busy. We also did have some of the voluntary separation take place. In fact, 10 percent of the staff left, and that of course was not budgeted for again. These are all going to look funny that way because of that program coming in and not being budgeted at the start of the year.

MADAM CHAIRMAN: Final supplementary, Alice.

MS HANSON: I just have one more question. Since you had all those auditors around, how come you couldn't combine the two audits? Or are they so different that they have to be done totally separately?

MRS. BLACK: Yes, they're totally different functions. People specialize in almost like a joint venture audit, and going out into the field there's a totally different audit concept from what you would have in an internal.

MS HANSON: Thank you. I joined this committee so I would learn something about accounting, and this helps. Thank you.

MADAM CHAIRMAN: Thank you, hon. minister.

MRS. BLACK: You've got a good teacher beside you there.

MS HANSON: Yes, I've got one on either side.

MADAM CHAIRMAN: Pearl Calahasen.

MS CALAHASEN: Thank you very much, Madam Chairman. To the minister: actually I'm in volume 2, public accounts, page 2.51. I have a question on 2.2.3, planning and systems. The original budget was \$6.335 million, yet there's \$7.394 million that was expended, more than \$1 million over budget. Could you please explain why the additional \$1 million was needed?

MRS. BLACK: This was the start of our new MRIS program – we call it our new royalty program – the mineral revenue information system. Again, half a million dollars went into the staff reductions. That year 13 positions were not budgeted for. We began to gear up for the development on our project, which was the start-up. In that year it cost us \$900,000 to get started on this project that we announced in October of '92. So we were over budget on that. We're into the second major phase of completion on this program with the gas simplification, et cetera, so it's a long-drawn-out program to go through. It had some initial start-up in the '92-93 fiscal year. The balance of the dollars, though, will be spent in '93-94 and '94-95.

MADAM CHAIRMAN: Supplementary, Pearl?

MS CALAHASEN: Thank you. Then on vote 2.2.6 there seems to be an overspending on minerals, oil sands, and other royalty operations. I heard some comment made relative to some of the oil sands questions that were coming out. There was not as much, I think, as 2.2.3, but I want to know why the vote was overspent by \$101,000. Could you explain why there was this overrun?

MRS. BLACK: Well, that was directly due to reduction and people taking the voluntary separation program. That's why there was an overexpenditure there.

As you can tell, Madam Chairman, the Ministry of Energy has been extremely streamlined. When the voluntary program became available, a number of people elected to take that program. Our ministry has been a collection of very, very talented and highly qualified people that can move back and forth between government and industry because of their expertise and quite often are sought after by the industry or have gained enough expertise so they in fact go out and start their own companies. We're very proud of the staff we have. We have had a tremendous number of people leave our ministry and either start their own program in their own business or go back to industry. So they took the voluntary program, which had a major impact on us in fiscal '92-93.

9:50

MS CALAHASEN: Could you indicate what numbers left the department to go into industry or took the voluntary severance package from your department?

MRS. BLACK: We had 40 from the department, and that doesn't include our agencies. All of our agencies participated in that program as well. There were eight from AOSTRA. I can't give you the exact numbers on that. There were 40 or some odd from the marketing commission. The ERCB had gone through 65 positions and had a further reduction. Now, with the restructuring model we have gone through, you'll find that instead of five agencies in a department, you will have one board in the department. So the merging of functional responsibilities has again caused a further displacement of personnel from our ministry. About 300 positions will no longer be there by the time we finish our restructuring, which is moving along very quickly.

It's had a tremendous impact. Of course, when you deal with human beings, you've got to be very fair with these people. We had a lot of them take the voluntary package, and we've worked very hard with them. So to give you the final number, I don't think I can do that. But some of them have gone out and created their own companies and others have gone directly to industry. We've had tremendous co-operation from this industry in placing our people.

MADAM CHAIRMAN: Would you be able, hon. minister, to give us that information in writing as a supplementary to . . .

MRS. BLACK: Yes, we probably could track that down. We would track it down and see how it evolved and where people actually went to. We could do that.

MADAM CHAIRMAN: Did Mr. Manning have a . . .

MR. MANNING: I was just going to say that there were in excess of 40 departures in January and February, including five executive directors. Well over 50 percent of those were replaced or relocated. A lot of that has been the effort of our department. We've used management consultants. We've assisted them with business plans. So it's been a pretty hands-on assistance program. The minister has had several personal meetings with the industry, recommending these people and to adjust the fit, but there has been a pretty severe flattening. We had 29, I believe, in January and the balance in February. It's an ongoing process as we readjust, but we can undertake to have the complete numbers.

MS CALAHASEN: Thank you.

MADAM CHAIRMAN: Thank you.
Sine Chadi.

MR. CHADI: Thank you, Madam Chairman. I just want to touch on my earlier questions to the minister, and that is with respect to the application by Syncrude to have a revised construction date on the expansion. Since we did put up the \$81 million in interest-free advances in 1990-91 and wrote down the \$81 million, I'm wondering: since the \$81 million was for basic engineering and planning for that expansion, is the application today the same engineering and the same project as proposed or as planned back in 1991-92, or is it a totally different proposed expansion?

MRS. BLACK: Well, Madam Chairman, I'd have to go back to 1990-91 to look at that in particular, and I'd be prepared to get back to you.

MR. CHADI: Of course, I would have been interested in that only to know whether or not our \$81 million that we wrote down was spent wisely and if we're still using that same proposed expansion or not, if we've scrapped it or not.

Madam Chairman, I'm wondering if the minister could give us an indication, since we had a 16.74 percent equity in Syncrude – and I know that has now changed. Can you give us some kind of indication as to how much revenue we would have received from that investment in 1992-93?

MRS. BLACK: I can tell you, if I can get the revenue sheet out here – actually it does go through Treasury. My accounting people here have reminded me of that. But I can say: keep in mind that we have had over a billion dollars in royalties from the project. We receive a royalty whether we are an equity owner or not – okay? – so the royalty stays intact. Because we've divested some of our equity position doesn't change the royalty revenue stream; it's accrued to the province of Alberta. We are just not as large a joint owner in the project. So the royalty income would still continue on as it did originally. Okay?

MR. CHADI: Yes, and even if we got out of it, we'd still have our royalties.

MRS. BLACK: Even if we did not have an equity position at all, we would still receive a royalty, as we do today, on that project.

MADAM CHAIRMAN: A very quick final supplementary, with a quick answer, hon. minister.

MR. CHADI: No, that's fine. Thank you very much, Madam Chairman.

MADAM CHAIRMAN: Hon. minister.

MRS. BLACK: I could give you a comment. In 1993 synthetic crude oil and bitumen royalties received were \$64 million, up from '92 of \$30 million.

MR. CHADI: Is that from Syncrude?

MRS. BLACK: I'm sorry.

MR. CHADI: From Syncrude alone?

MRS. BLACK: No, that would be from the synthetic total. So there was a doubling of revenue.

MADAM CHAIRMAN: Thank you very much.

Thank you, hon. minister, for the rescheduling and for full participation of yourself and staff this morning. It's much appreciated.

Also, once again to Mr. Wingate and Mr. Cuthbert: thank you for being in attendance. For any inconvenience in the past two weeks, I would apologize to you sincerely.

Moving on to other business and the date of next meeting. I'd like to bring to your attention that Corinne has circulated a memo from me to members of the Public Accounts Committee pointing out that the hon. Minister of Labour, Stockwell Day, will be in attendance at next week's meeting. Upon his request, he would like to be free by 9:45 of that morning. Unless I have any other direction, I'd ask that we put on the agenda for the last 15 minutes the item addressed in the memorandum so that as chairman I can have some clear direction from members of the committee.

If there's no further business, we would stand adjourned. Thank you.

[The committee adjourned at 9:59 a.m.]

