

LEGISLATIVE ASSEMBLY OF ALBERTA

Thursday Evening, May 9, 1974

[Mr. Speaker resumed the Chair at 8:00 o'clock.]

MR. HYNDMAN:

Mr. Speaker, I move that you do now leave the Chair and the Assembly resolve itself into Committee of Supply.

[Mr. Speaker left the Chair.]

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COMMITTEE OF SUPPLY

[Mr. Diachuk in the Chair.]

MR. CHAIRMAN:

The Committee of Supply will come to order.

Executive Council

MR. R. SPEAKER:

Mr. Chairman, under Executive Council I wanted to ask the Premier, with regard to Votes No. 1446 and 1470, just what precautions the Premier takes in administering these two votes to ensure that the Bureau of Public Affairs and the Alberta Education Communications Corporation are not used for political purposes ...

MR. CHAIRMAN:

Mr. R. Speaker, I believe we are going to go appropriation by appropriation.

MR. R. SPEAKER:

Oh, I thought we were just going to do it on a general sense. Hasn't this been covered by committee?

SOME HON. MEMBERS:

No.

MR. CHAIRMAN:

No.

MR. R. SPEAKER:

Oh, I'm sorry. I thought it had been covered by committee.

MR. RUSTE:

Under what vote is the Queen's Printer?

MR. HYNDMAN:

The Bureau of Public Affairs.

MR. RUSTE:

Pardon?

MR. CHAIRMAN:

The Bureau of Public Affairs they say.

MR. HYNDMAN:

Under Vote 1446.

Appropriation 1401 Premier's Office agreed to:

\$128,796

Appropriation 1402 General Administration

MR. LUDWIG:

I'd like to make a few general comments under General Administration. I'd like to make the observation that it's obvious that under this government we have launched into a period of lavish spending that, although it may be in keeping with the revenues of the province, is not in keeping with what one would call careful management. There appears to be an attitude that if we can afford it, if it's popular, then it's right. I think that attitude is the kind of attitude we ought to resist.

Those who are concerned about not just next year or the year after ought to stand up and caution the government that because something is popular and the people might like it does not mean that we will be able to continue to provide such lavish spending indefinitely, Mr. Chairman.

I'm making this observation perhaps with reference to the Premier's remarks in this Legislature within the last two weeks. When we can launch upon popular programs, extensive programs, even though we can afford it, the hon. members of this Legislature have a responsibility - the only real responsibility they have here, second to legislating, debating of legislation - dealing with the budget and spending. They have the responsibility of watching and, in fact, being the watchdogs of the public purse. That is something that every opposition in every province and in Ottawa knows full well. The hon. members who are now in the government, when they were in the Opposition took upon themselves responsibility for seeing that every dollar was accounted for.

Now I'm not saying the money isn't accounted for in this government, but I am saying there is a real attitude of lavish spending, unprecedented spending at a time when it might not be easy to practice restraint. That does not mean that there ought not to be some indication that someone is concerned that we don't blow it as easily as we get it.

I'm making particular reference to the hon. Premier's reply to a question when I asked him, what is the cost? Have any studies been made with regard to the park proposal for Edmonton? Well, nobody will argue with the fact that it is popular and necessary. No one will also deny the fact that when we launch upon a program, when we get a rule of thumb or a ballpark figure of \$35 million, the Opposition has no right to stand by idly and see this kind of attitude towards spending practiced in this Legislature. It does not matter whether it's the hon. Premier or any one of the ministers, we ought to demand that we have some recognition of the fact that those are trust funds. Those are not funds to be blown in whichever direction because something is popular.

I recall asking the hon. Premier whether any study was made of this spending and he said, well, there wasn't, it's a concept we couldn't study. He didn't say this, but for all the hon. Premier knows this park will ultimately cost \$100 million. He might say that is not right, it's a rough estimate, but all we got from him was a rough estimate, Mr. Chairman, and I say that that is not right.

It's the wrong attitude entirely towards public spending, and this is not the first time that spending was rather extensive and lavish, because it's popular. Lavish spending was made because it's popular. I want to go on record as objecting to that attitude.

I wish to follow the example set by the hon. members when they were on this side, when they jumped up one by one to demand a cost benefit study on anything we intended to build or anything we wanted to do for the future. We all remember that this was one of their prime attitudes, a cost benefit study of anything that we do in spending. I'm saying that it was a very poor example and a poor attitude of the hon. Premier to stand up and say, well, it's popular so we can afford it. We have the money, he said. It's popular, we have the money, has to be the kind of attitude which would not be tolerated anywhere in this country at any level of government.

I wonder what the hon. Minister of Education would say if the school board told him that it's popular, we can afford it. He'd soon tell them that you ruddy well can't afford it. The same thing goes for the hospitals, universities and municipalities. It isn't enough for them to say, well, the government has the money, we can afford it, because this government would not tolerate it. They have shown they can cramp the style of local governments and tighten the purse strings if they show any sign that they might be even the least bit careless with spending. So, Mr. Chairman, I believe my remarks in this regard are certainly appropriate and called for, when the Premier can stand up and say, well, it's popular. That is not the attitude of a responsible administrator.

That's all I want to say at this time, Mr. Chairman. I would want to say a few more words on the Premier's budget on Total Income Account.

MR. STROM:

Mr. Chairman, I wonder if I could ask the hon. Premier a question. I note in the estimate book that there is a listing of eight salaried people, five wage people. I just called for the 1973-74 Estimates and I haven't had a chance to check it, but I go back to the 1972-73 [Estimates] and there were 16 listed. I'm just wondering if the hon. Premier could give us an explanation of how the staffing is handled within the Premier's office on General Administration, because I'm trying to reconcile as to - if they are not in here, are they listed in some other appropriation or are we in fact looking at a decrease in the number of personnel involved?

MR. LOUGHEED:

Mr. Chairman, I don't know if I can answer that question specifically by reference back to the previous Estimates which the hon. member has pointed out. I can only show that with regard to Appropriation 1402 there is an additional aggregate increase of two, from eleven to thirteen. One of them is an administrative assistant who is charged with handling delegations to the Executive Council, and the other is a vacancy for an anticipated additional secretariat.

With regard to Appropriation 1401 - and I would be happy to check if the hon. member wants to hold the vote if necessary - but with regard to the two I would presume that there may have been an amalgamation of 1401 and 1402. The increase in 1401 comes about by an additional correspondence secretary.

MR. STROM:

Mr. Chairman, I appreciate I have the 1973-74 [Estimates] now, and there is an increase as you point out. I don't wish to have the appropriation held but I am trying to reconcile bodies actually between the various votes, and under General Administration at one time there were 16 salaried people listed. It did drop to 11, but then I'm not sure as to where they have been transferred. I want to make it very plain, Mr. Chairman, that I am trying to assess it in the light of a vote that we will be getting into later on. But I am raising it now to more or less try to determine whether or not they have been transferred, and I am thinking in terms of the Bureau of Public Affairs, Mr. Premier.

[Mr. Appleby in the Chair]

MR. LOUGHEED:

Mr. Chairman, I'd be happy to transfer the responsibility for the problem to the minister responsible for the Bureau of Public Affairs. However, I will make an attempt in the next half hour to get that information for the hon. member and pass it to him.

MR. HINMAN:

Mr. Chairman, I wonder if the Premier would mind outlining for us what is involved in the work of the man who handles delegations to the Executive Council?

MR. LOUGHEED:

That work involves general arrangements in assuring that the cabinet time is organized to meet the various groups across the province that want to come, as the hon. member is well aware, over the course of a year to meet with cabinet or cabinet committees as groups

and make presentations and present briefs. We reached the conclusion [that] by moving into a fall session of the Legislature we have run into a very difficult scheduling problem. When there wasn't a fall session of the Legislature, as the hon. member is aware, that period of time was available to the then Executive Council and well used, as I understand it, for that particular situation, either by way of preparation of legislation during that time frame or hearing delegations. Because we're now sitting [for] a period of time in the fall, it has been necessary to do some juggling and arranging to make sure those delegations have an appropriate number of ministers available when they meet, and particularly the ministers whom the delegation wants to meet. If, for example, there's a presentation made, say, by the Alberta Federation of Labour and they obviously want to meet the Minister of Manpower and Labour - but five or six other ministers - then this person who is responsible makes sure that those ministers who are involved at the request of the group making the submission are, in fact, available if they possibly can be.

MR. NOTLEY:

Just the one quick question before we move on.

I notice under 1402, Mr. Chairman, that fees and commissions are down by \$17,000. Salaries are up by about \$7,000. But then other expenses are up by about \$70,000.

I wonder if perhaps you could advise us. I assume that has something to do with the wages in there - does it, or ...

MR. LOUGHEED:

Mr. Speaker, on the latter amount, which was the increase in the other expenses, the primary amount comes out of cabinet tours, travel and the advertising and notification of groups. The very vast amount of the increase under the appropriation deals with other expenses. A total of some \$57,000 involving, this year, four cabinet tours, is involved in that expense and that's the main situation there.

In terms of - I'm not sure I understood - I guess the question was the deduction in fees and commissions and the increase in salaries. I believe that that was merely the switch of a person from a position on a contract to a position with the public service.

MR. NOTLEY:

I would like to follow that up if I may, very quickly. I take it that the \$123,000 figure, \$57,000 of which represents the cabinet tour, comes as a result of the experiences of the last two years; that we've found that perhaps it was a little more costly than otherwise estimated?

MR. LOUGHEED:

Well, it's primarily due to the fact - I'm not too sure the items were budgeted initially at all in terms of those two cabinet tours. Not only were they perhaps not budgeted in the previous year but this year there are anticipated to be four rather than two.

MR. RUSTE:

Well, Mr. Chairman, on that same vote there are travelling expenses which are up some \$50,000. Now is the expense of the aircraft used by the Executive Council included here or is it separate?

MR. LOUGHEED:

Mr. Chairman, the aircraft used by the Executive Council, that is the AFD, is under the Lands and Forests. The addition in that appropriation is some \$50,000 under the travelling expenses by way of chartered aircraft which, depending on the extent, primarily seem to be involved in flying to Ottawa and back. Whether or not that will continue is difficult to assess but it was felt that because of the amount that had been expended in the previous year we needed an allowance for charter aircraft.

SOME HON. MEMBERS:

Agreed.

MR. STROM:

Mr. Chairman, there was one other point that I wanted to raise. In the wage section, does that include persons who might be on contract or is that just part-time workers?

MR. LOUGHEED:

Mr. Speaker, that's just part-time work as I understand it. The people on contract are entirely under Vote 1402. There are four people and they are under fees and commissions. All four of them are under contract.

Appropriation 1402 agreed to: \$454,507

Appropriation 1403 Lieutenant Governor's Office agreed to: \$21,277

Appropriation 1405 Ministerial Assistants

MR. RUSTE:

How many ministerial assistants are there now in the government as a whole?

MR. LOUGHEED:

Mr. Speaker, under this appropriation there is only one, but there are a number of others in the various departments and with the various ministers.

MR. RUSTE:

Well, the reason I raised it is that it is referred to here in the vote. I understand it had been transferred to the different departments, but I wonder if anybody has a figure of the total number?

MR. LOUGHEED:

We will have to get this information. I don't think it's kept in the aggregate.

Appropriation 1405 agreed to: \$48,338

Appropriation 1407 Energy Resources Conservation Board

MR. HENDERSON:

I would like to make some remarks on this particular appropriation.

MR. CHAIRMAN:

Is that on 1407, Mr. Henderson?

MR. HENDERSON:

It's 1407, Mr. Chairman, and I'd like to return to the question I raised during the Budget Debate about the desirability of the government looking to consideration of ways and means, first the principle but also ways and means of restricting somewhat production of conventional crude in the province of Alberta.

Now, I noticed following that presentation some reaction. It was stated by some as being extremist in view and I think comparisons were made to coal that shouldn't apply and so on. I would like to run through a little bit of a dissertation based on some facts with a view, I think, to try to apprise the members at least of the facts of the matter as I see them.

I think, first, comparing the question of restricting oil as opposed to coal in the question of the adequacy of the reserves, I would refer the members to the April, 1974 report of the Energy Resources Conservation Board dealing with the adequacy of Alberta's reserves.

Pardon me, Mr. Chairman, first I want to refer to the annual 1973 report of the Energy Resources Conservation Board. In that report, on one page, as soon as I can find it, it

deals with the coal reserves of the province of Alberta. I believe it states that the coal reserves are, at the present rates of production, adequate for something like 1,000 years. I don't seem to be able to lay my fingers on ...

AN HON. MEMBER:

Nine hundred years.

MP. HENDERSON:

Pardon?

AN HON. MEMBER:

Nine hundred years.

MP. HENDERSON:

Nine hundred years. Thank you to the Member for Drumheller. The present coal reserves are adequate for a production rate of 900 years.

That sounds like a long time and there is no need to talk about restricting coal production. But then I refer the members to the 1974 report of the energy board on the adequacy of Alberta reserves of surface-mineable sub-bituminous coal and refer them to a statement made on page 6 of the report under the subject of Observations. It says:

The following observations, dealt with more fully in Section 11, result from an examination of the life index curves:

1. The presently proved reserves are enormous compared with present requirements, with a life index of 900 years for surface-mineable reserves, and 1100 years for surface-and underground-mineable reserves.

2. With expected market growth, the decline in life indices to levels still greater than 100 years in 1990 continues to reflect an adequate resource-to-demand relationship ...

Three, I think, is a clincher.

3. If all markets were to be supplied through year 2001 from surface-mineable reserves, the life index would decline to 37 years.

So on the one hand they talk about a 900 year reserve at the present rates of production, and then they talk about the forecast allowing for a 3.5 per cent growth rate over 30 years. That 900 years, on the basis of this report, indicates a decline to a life index in total of 37 years. And the section concludes,

This indicates a need for caution in the exploitation of Alberta's reserves of surface-mineable subbituminous coal.

The Board does not believe it would be wise for Alberta to follow a course of extra-provincial marketing which could result in a rapid depletion of its surface-mineable subbituminous coal in the Plains Region of the Province. Accordingly, the Board recommends that The Coal Conservation Act be amended to require that the Board not approve the development or opening of a new surface mine, or any extension of an authorized program at an existing surface mine, in the Plains Region for delivery of coal to markets outside Alberta or for the generation of substitute natural gas or electric energy for delivery to markets outside Alberta unless, after public hearing ...

And so on.

So in the report the board is saying that, notwithstanding the theoretical reserves figure of 900 years for sub-bituminous coal, when they extrapolate and put a growth factor in and look at the demands within Alberta for the next 30 years, that reserve figure shapes to 37 years. And they go on further in the report and say the board suggests we should not be opening up any of these reserves for marketing outside the province of Alberta. Now obviously, that's a recommendation from the energy board itself.

I then refer the members to the 1973 report of the Energy Resources Conservation Board and take a look at the question of oil. Oil reserves in Alberta at the present rate of production on convention oil are down to something like 12 years. And that's just taking the present rate of consumption of oil and extrapolating it against 6.6 billion barrels of oil in place. And on that basis, without the growth factor, we are down to 12 years. If one puts a 3.5 per cent growth factor in, that 12 years shrinks very dramatically.

I haven't calculated it out but obviously on the one hand we have the board talking about not rushing into marketing of sub-bituminous coal for marketing outside the province, in spite of the tremendous reserve. Compared to the 12 years of oil they have a 900 year life factor for coal, they are saying restrict coal, and still we are rushing headlong into a rapid depletion of our conventional crude resources. And we do it on the assumption that the tar sands are going to be more than adequate to pick up the slack. If my view on restricting oil production is extreme, I shudder to think of the view of the board on restricting coal production. When one looks at the fact that the reserves of coal are 30 times as great in terms of a life index as oil, well then obviously the board's views on coal make my views on oil look extremely conservative.

The point I really wanted to make thus far in the dissertation is that there is no comparison between the coal marketing situation and the oil marketing situation. So I suggest the members want to seriously consider what the policy of the future should be on conventional oil marketing.

I would then like to turn briefly to a report dealing with the Canada West Foundation. I noticed some rather eminent people are on the board of directors of this particular organization, and they mentioned this in the Budget Debate.

In that report they show that by 1977-1979, if we continue with our present policy, the conventional crude production rate will be declining at a rate of 100,000 barrels per year. So each year the production rate of conventional oil grows less. That's the equivalent of trying to put on one tar sands plant a year to replace the conventional oil which, I think, would be disastrous for the economy of the province of Alberta, even if one were to contemplate attempting it. There is a serious question as to how rapidly those reserves should be depleted at that rate with a view to simply meeting the export market - I mean export outside of Canada.

Another report, the National Energy Board report of 1972, has a remark here. It says:

Canada's future supplies of oil appear to be heading toward having very little flexibility in producing rates. This might make it difficult to meet seasonal peak demands without additional investments for storage or other facilities.

Well then, Mr. Chairman, I then turn to some returns I asked for and received from the House on some of the statistics relating to the present activities of the industry. There's a question of where all this oil is coming from and what is the implication of this rapid decline of 100,000 barrels a year some three years hence. I refer to page 18 of the 1973 report of the Energy Resources Conservation Board. In this particular section they bring out the fact that there are 800 light to medium-gravity oil fields in Alberta. Then going down to the bottom of the paragraph, it says a group of 25 pools - 25 out of those 800, accounting for some 45 per cent of the crude's production - have no maximum rate limitations on them.

I think that's significant. Twenty-five out of 800 pools representing 45 per cent of production have no maximum rate limitations on them.

Then I put in for a return earlier in the session in relation to this particular part of the Energy Resources Conservation Board report. I asked for the names of the 25 pools and what those 25 pools represent in terms of reserves. According to this Return 154, those 25 pools, representing 45 per cent of the production currently, account for 49 per cent of the proven reserves of the province of Alberta.

Last year I asked for a return from the government to give me the names and the reserves, that production data - reserve data - on all oil fields in Alberta having over 50 million barrels in them. They are the same fields. So over half of our production is coming out of 25 fields that have no maximum rate limitations on them. Those 25 fields represent 49 per cent of the remaining proven reserves in the province. The production rates out of those pools will start declining in two years and after that will be dropping at the rate of 100,000 barrels a year.

Now one thing I think the members should appreciate is the fact that conventional production from conventional fields - from these 25 major pools representing 49 per cent of the reserves and 45 per cent of production - has a relationship to oil that hydro has to power supply. Once those major pools are depleted, largely depleted and [have] peaked and are on their way down, dropping at a rapid rate, within five years the industry is going to lose any semblance of flexibility to meet the market demands in Canada. We're not talking about Alberta supply. I should have prefaced my remark [with that] at the outset.

It relates to a national energy policy. It seems to me that we're not going to get one out of the federal government. Since Alberta has a vital role in the issue, I think Alberta has to assume a major role in trying to shape a national energy policy. Then I suggest to the members, when one looks at all the facts, looks at the rapid depletion of the 25 pools holding half the oil and the inability of the tar sands to come on stream to

replace the declining rate, and that, in this Canada West report, after 1979 Alberta will no longer be able to meet the market demand in Canada if one includes the Quebec market, the possibility of the tar sands coming on to offset the decline of production is extremely remote.

Obviously, I suggest it's in the national interest, and I suggest it's in the interest of the province of Alberta, to examine seriously restricting the rate of production from these 25 major pools, because that is really the major source of reserves. It's the major source of production capability in the province of Alberta. It's the ace in the hole that Alberta has to deal with [in] future market demands in the Canadian market alone.

I have arrived at the conclusion - while it's not popular, I'm sure, in the oil industry, the facts in my mind are irrefutable - that Alberta has a responsibility, more to the West of Canada than even to Alberta itself, to look at restricting the rates of production from these 25 major pools, producing half the oil roughly, containing half the reserves on which there are no maximum rate limitations.

Looking at another aspect of this maximum rate limitation there's also, in my mind, an issue that the government should examine closely and it is the fact that in spite of the situation, the rapid decline, the bulk of the investment, I suspect current investment in the last year and probably this year, in development in oil fields in the province of Alberta, is not related to new fields. It's related to expanding that capacity to deplete those 25 major pools at even a faster rate ...

SOME HON. MEMBERS:

Agreed.

MR. HENDERSON:

... so the situation will become even more aggravated by that.

Now I put in a question for a return, through the House to the government, and asked them to give me a breakdown, if they could, on how the money is being spent in the industry in exploration and development, particularly exploration, as opposed to money being poured into expanding production in these 25 major pools. And the government could not give me the information. They don't have it.

I suggest the government should arm itself with this data because it's very critical, in my mind, to the future policy the government should be pursuing. Because the government doesn't know where this money is going now. All I can say is that in the absence of the data, in the absence of any new discoveries of any consequence in the last year, the majority of the money being put into development work is simply going to drilling more wells to further increase the production capability in those 25 major pools on which there are no production restrictions.

So, as I say, I think the government needs to arm itself with the facts, with a great deal of urgency. I may be wrong. But when I look at a report from Oilweek for 1973 on drilling activity, I think it tends to substantiate it. They talked about 497 new oil wells drilled in Alberta in 1973 as opposed to - well, 497. There was no addition of any consequence at all in the last year, 1973, of new reserves, new fields. So again the 497 oil wells, I have to conclude, is just in-fill drilling in these 25 major pools to increase production capacity from them. And I question that it is in the public interest to allow such a policy to continue.

I want to close by turning to the question of the government's policy relative to gas exploration and development of reserves as opposed to oil. If one looks at the energy board report, again for 1973, on page 6 it shows the life index for oil as opposed to gas. Natural gas, the present rates of production in Alberta - we have something like a 27-year remaining life index. Producing at the present rate, the gas would last 27 years.

Gas has one characteristic that oil doesn't have. You get it out of the ground, generally speaking, at a much faster rate and deplete a given reserve much faster than you can with oil. I don't know if my honoured friend would agree with me but I think as a general rule that's correct. And so, those reserves - the 27-year factor probably means that those reserves would be depleted in 30 to 35 years if we let them and didn't find any more oil. One contrast we find in the reserve index as to crude oil is 12 years.

Then one looks at the drilling activity for 1973, and we see in Alberta in 1973 that while there was an upturn - I gather as a result of the government's incentive program in drilling - notwithstanding the fact the life index factor for gas is better than twice what it is for oil in terms of reserves, in 1973 the industry's exploratory activities were devoted primarily to gas. Six hundred and eighty nine exploratory gas wells were drilled in 1973, and 123 exploratory oil wells. So we've got over twice the life reserve index for gas reserves, this built up as a result of the reserve policy for the Alberta market, a reserve policy which the board is now recommending on sub-bituminous

coal for the Alberta market. They need a reserve policy like that for conventional oil for the Alberta market.

But notwithstanding the reserve factor situation, the life index being twice as good for gas as it is for oil, the exploration rate by industry for gas in Alberta is about five times - more than that - pretty close to six times as great as it was for oil. One has to examine these facts [and question] whether that makes sense as a policy.

I can only conclude the government has got to put far greater emphasis on oil exploration. I think too much reliance is being placed on oil in tar sands in the Alberta interest alone. There should be a de-emphasis on in-fill development drilling to expand production capacity in these proven fields, which we are depleting too fast now for my money. We should shift that emphasis to exploration drilling for crude oil. If the reserve life index means anything, we should be in the gas market where exploration will stand 700 wells for gas. Obviously we should be drilling 1,400 exploration wells a year for oil.

I think the industry and the board generally agree. They estimate there is still something like 40 per cent of the conventional reserves on a statistical basis that are believed to exist in the province and are as yet undiscovered.

So I could simply conclude by saying, Mr. Chairman, that I suggest a policy of restricting production on the 25 major pools producing 45 per cent of the oil, representing half the reserves that are going to be declining at an increasingly rapid rate in another two years, and shifting away from in-fill drilling in those pools to oil exploration. The tremendous emphasis on that is not an irresponsible policy and it's not an extreme policy. I suggest, if one looks at the policy on gas that we now have, and one looks at the policy that is being recommended by the board for sub-bituminous oil, we've got a responsibility to examine a similar policy for conventional crude oil.

It offers flexibility the tar sands oil does not have. I don't think there is a hope - if I may use the expression - of a snowball in hell of ever seeing a tar sands plant come on at 100,000 barrels a year to replace that production.

By restricting production we will, however, buy quite a few years time before we reach the 79 years when we cannot meet the Canadian market and will afford ourselves more opportunity. I haven't sat down to try to analyze it statistically, but [we can] afford ourselves more time, maybe as much as up to five years, in which to expand tar sands production and meet Canadian market demands before the reserves from the major pools have been substantially depleted.

Thank you, Mr. Chairman.

There is one further question I wanted to ask the Premier. It relates to the report to him from the Chairman of the Energy Resources Conservation Board on January 14. It's on page 10. I presume this was the general nature of the submission by the Alberta Energy Resources Conservation Board to hearings before the National Energy Board on export policy. The board goes on record here saying in 6(2):

ERCB does not believe any formula, and especially a formula based on life index or the like, is needed or appropriate for ensuring the long-term adequacy of Canadian supplies to meet Canadian requirements; further, it believes that the use of a formula for such a purpose may lead to dangerously erroneous conclusions.

I don't think it can lead to an erroneous conclusion technically. It might lead to some conclusions politically. But that statement contrasts with the long-standing policy on maintaining a 30-year reserve of gas for the Alberta market, and I think it also contrasts with somewhat or ignores the potential growth in the conventional market for oil in Alberta in the next 30 years, just as there is going to be [for] coal. I'm not expecting the Premier to announce any policies, but obviously the government has got to be thinking about this whole question of reserves and Alberta market demand. I gather that the Premier is simply waiting for the board to have these hearings in July, is it, before they take any action in this regard?

MR. LOUGHEED:

Mr. Chairman, I'll just start - the Minister of Mines and Minerals, I'm sure, might want to add by way of response. I think perhaps I should respond to the final portion of the hon. member's question. In referring to the submission made by the Alberta Energy Resources Conservation Board to the National Energy Board on the matter of oil exports, I believe we answered in the House in question period that the submission there was to avoid the rigidity of a formula that was involved. We did not consider that the report per se was in any way endorsed as government policy.

Second, we have asked the board to give a special report with regard to our oil reserve situation, not in a formal way but informally under the terms of The Alberta

Energy Resources Conservation Board Act. It would come to us by way of its advisory function under the Act. I think we will be getting it within two or three weeks. It may or may not be a document that can become public, but it's essentially from an advisory point of view to the government, on some of the matters that the hon. member has raised in his remarks.

Third, on June 4, I believe - although the hon. minister can correct me - the final hearings on Alberta energy requirements are being held and we anticipate that report from the Alberta Energy Resources Conservation Board during the month of July.

It was our thinking that the number of factors that are raised by the hon. members should be assessed by the government when we have the benefit of those two additional reports I just mentioned. The final report on energy requirements for the people of Alberta, as updated, arising out of the June 4 hearings, is expected in July and a special report with regard to our oil production situation is expected within a couple of weeks. When we have those two reports we certainly should be in a better position to make an evaluation of the matters raised by the hon. member.

MR. HENDERSON:

A supplementary question. I would make a comment. I would hope that the Premier, in examining the Alberta policy, is going to also expand the framework to look at the national situation.

MR. LOUGHEED:

Sorry, I didn't hear ...

MR. HENDERSON:

[Is] the government going to expand that policy review and examine the national perspective, the national market demand, at the same time? I don't think we can stay out of that question any longer. We do so at our own peril is what it amounts to.

MR. LOUGHEED:

Mr. Speaker, I think we should make it abundantly clear that although the assessment will be in terms of Alberta's energy requirements, I could mention a number of things that are involved in that question. It can't be divorced and separated from national energy requirements and our assessment of them in terms of the utilization of Alberta's energy in the Canadian national industrial picture. So certainly it wouldn't be our intention to divorce them.

Perhaps the hon. Minister of Mines and Minerals might want to elaborate.

MR. DICKIE:

Mr. Chairman, I'd welcome the opportunity to make a few observations. First, I appreciated the constructive suggestions by the hon. member. Many of the questions he has raised have been subject to discussion within our energy cabinet committee, and there will continue to be discussions in the energy cabinet committee as well as [by] the members of cabinet.

I would first like to say, dealing specifically with natural gas, hon. members will recall that we do have what is referred to as a rolling 30-year rule. When you are comparing that with the life indexes, the problem that does arise is that the life indexes can be very, very misleading if you are looking at them, whether you are relating to coal, natural gas or crude oil, and particularly in the oil situation if you add conventional crude oil. I don't have the exact figures here on crude oil, but we have taken the figures so that if you look at the life index for conventional crude, add in the oil sands, the GCOS, the Syncrude plant and the rest of the oil sands, you come up with a figure of 658 years. But you may not tie that in with a rule, if you had a similar situation that you do in natural gas, say a 30-year protection rule.

Now the difficulty is in trying to relate those life indexes for natural gas to, say, the 30-year protection rule, then take the same relationship with coal and relate a life index to coal, and relate it to a rule that you might have to protect your coal, particularly in the plains area. Then we have that compounded with the conventional crude oil. In trying to - what I think the hon. member was getting at and has suggested before, and the government has under consideration, is an oil resources preservation act which would give us the effect of a 30-year protection rule like we do under natural gas. We have The Gas Resources Preservation Act.

When he's talking about coal, we could incorporate the clause that the board has suggested which would give us really a coal preservation act, so that in each of these three hydrocarbons we would have those kinds of protections.

Now that deals strictly with what we may call the Alberta requirements. We would have to develop rules in respect to conventional crude to have a similar rule to match, say, the 30-year protection on natural gas. At the same time as Alberta is studying this problem, it is also being studied at the national level.

Again I was going to draw to the hon. member's attention - and he did refer to the report by the Chairman of the Alberta Energy Resources Conservation Board - that it's one of the things at the national level. They were looking at a rule with respect to crude oil. The concerns the board has and those we have as a government are that we don't run across the same problems that we did in natural gas. Hon. members will know that we have in Alberta the 30-year protection rule. They have a different formula for looking at natural gas on the national level.

Now the report by the Chairman of the Alberta Energy Resources Conservation Board was with the idea and thought in mind that they wouldn't lock themselves into a particular rule that wouldn't be flexible. That's one of the concerns we have, if on the national level they try to lock themselves into a rule that isn't flexible. That's why we did make the exception: to permit the Chairman of our Alberta Energy Resources Conservation Board to make his presentation on how this type of situation could develop at the national level. You will recall from the report that he did indicate that it should be a flexible one. We shouldn't tie ourselves to, say, a 30-year protection rule with about 15 or 20 different types of rules on how to arrive at that 30-year protection rule in crude oil. It does become very serious at the national level. This was discussed at the National Energy Conference last January in Ottawa where they had to really determine the question of how much of Canadians' oil supply would be relied on by foreign sources. You get into all those kinds of problems and that's what the National Energy Board now will be trying to deal with when it is having these hearings across Canada in respect to the crude oil reserves.

At the same time, as the hon. Premier has mentioned, they are doing at the national level what we're doing at the provincial level on the question of coal and crude oil. By the time we have our studies completed we should be in a position to take a look at what type of rule or what regulation we would need for crude oil and coal. We have the 30-year rule on natural gas. Maybe in view of the requirements ... [Inaudible] ... would also be related to it.

I think the hon. member raises these problems that are going to be continually ongoing by the government in the next few months to determine what should be the future course of Alberta in respect to the rules that would apply for crude oil and coal, and then how those would relate to the national energy picture, especially on crude oil and coal. Then we can perhaps review the question of the natural gas.

I was also pleased to note, Mr. Chairman, that the hon. member has used the information that he has requested. He did mention that some of the information wasn't available to government, and this has been of concern to us lately. I think in the last two years some of the information the hon. member has requested has become important information. We are now looking at how we can get more detailed information in these areas. I think, although the previous administration had been in for some 36 years, perhaps at that time that kind of information wasn't as important as it is today. So I think we're having to move into those areas to get that kind of information.

I think it also ties in with another serious problem, because that deals with the repatriation of capital profits, whether it's outside the country of Canada or whether it's outside the province of Alberta. I think we want to know those figures too, of the spending for exploration and development.

I think the hon. member also raises another very interesting point which we have dealt with and which we covered in our Estimates, but I don't think the hon. member was there. That's the question: is the government balancing between conventional crude oil and oil sand oil? I think the hon. member suggested that perhaps we are placing too much attention right now on the oil sands. Well, I think we answered that by showing in the questions that were raised in the House last year that the recovery factor is approximately 34 per cent on conventional crude oil, and how we could improve this recovery factor. This seemed to be the area to which we should really direct some of our thinking, so we did discuss this with the question of additional research [funds] that we could spend on it, and you will notice in the budget there is a sizeable figure of some \$600,000 or \$700,000 that will be ear-marked specifically for this purpose - how we can recover more oil from the conventional sources. And in that way, I would like to suggest to the hon. members that although a great deal of emphasis is being placed on the oil sands, conventional crude oil is not being neglected. We are proceeding with this recovery factor of conventional crude oil.

I might also say it is very interesting that the Russians have now made two trips to Canada. I was fortunate to be attending a dinner with them on Monday night. The people from Russia are experts in the drilling aspect and we did become involved in this question of recovery. I think now that one of the real achievements of these missions from Russia

has been the great exchange of technical information. They feel that they can benefit a great deal from our information and we can benefit a great deal from theirs. And one of the areas in which we hope to achieve some benefits is, of course, again in this recovery area.

I would like to assure all hon. members of the House that we are cognizant of the fact that the steps which have to be taken in conventional crude by way of recovery and research are being taken in that area. So I think those preliminary observations, Mr. Chairman, answer many of the concerns that have been raised by the hon. member.

MR. HENDERSON:

Mr. Chairman, if I could just clarify one point. I want to ask the minister a question too. First, I want to assure the minister that I wasn't talking about too much attention to tar sands; I said too much "reliance" on tar sands as a back-up that could be brought on at a rate that would be adequate to replace declining reserves and the production rate [of] conventional crude. I don't think there is too much attention to the tar sands. Obviously it requires a lot of attention. But that just isn't enough. It has to be complemented, I think, with greater emphasis in directing industry towards oil exploration. I don't think I would suggest in any way that we downgrade any efforts in the tar sands. But I think that maybe you can't see the forest for the trees, just tar sands and gas. And the part that really needs emphasis - and isn't getting it when one looks at exploration reserves and where the money is being spent in industry - is oil, conventional oil. This is one of the major points I wanted to make. So I repeat again, I don't quarrel with the attention to the tar sands, but I suggest that doing so at the expense of examining the policy on conventional oil could be a rather serious error in judgment.

On the question of the data investment, I would like to specifically ask the minister if they would entertain an analysis of 1973 industry investment on development activities, drilling, particularly of wells, and an expansion of gas plant facilities - the same as what I asked for in return? I must say, Mr. Minister, I am not surprised you don't have it. I am not a great believer in collecting reams of data just to put them in a file to keep some civil servant employed on file and data, but I think the data is now highly relevant and the government should arm itself with it because it is essential to looking at what is lacking in the question of development policy and exploration policy on conventional oil reserves.

The last question I would like to ask either the Premier or the minister is, after the reports are in and the government has examined these issues can we look forward to a policy paper in this area being issued before the end of this year? Because, I think, the longer it takes to get that policy position established, the worse the situation becomes. There is some urgency in getting that policy out in public and getting it into effect.

MR. DICKIE:

Mr. Chairman, again dealing with the question of the oil sands and conventional crude, I appreciate the clarification the hon. member raised. I do draw to his attention to, though, when he is looking at the report by the Chairman of the Alberta Energy Resources Conservation Board, the significance of the production during the years 1976, 1978 and 1979 - and I'm talking about relying too heavily on the oil sands. I think our concern here now really is, when we get into the question of the in situ method, to make sure that we do have this technological breakthrough. This is why we have directed and committed \$100 million to this, to make sure that we do what we can to assure that there is this energy breakthrough in oil sands.

So when you are looking at the figures in the report by the Chairman of the Alberta Energy Resources Conservation Board - I am not sure that the hon. member has the right report, it is the report by Dr. Govier when he made a submission to the National Energy Board - if you look at the charts at the back there, you can check the production and you can see the need for the oil sands. So again I think there has to be that reliance and we have to direct a lot of thinking to that.

On the question of data and information, Mr. Chairman, we have moved in this regard in this way. I think for the first time as a government we went out and asked and had someone solicit information from each of the individual companies involved to get a lot of this data we need. And I might say, surprisingly, that we did experience some difficulty in getting the information and some reluctance from some of the companies to give us that information. However, we are working and will continue to work on that because some of that information is very vital. But it may mean we have to take more steps than just asking the company to get that information, because there hasn't been any legislation or regulations by the previous administration in the 36 years they were in, to get any kind of that information. That's one of the processes which is on-stream all the time.

As to the question of a policy statement that the hon. member refers to, I am sure that when we have these reports from the board and we reach our conclusions, we will be

coming out with statements. I think it's a little too early to tell just what the form and the nature of that [will be]. But we will take the suggestion by the hon. member under advisement. When we are considering the reports and which way we should proceed after we have reviewed them, we will have his thoughts in mind.

MR. HENDERSON:

Mr. Chairman, I wonder if I could respond again to one or two comments by the minister. I think the minister should forget about this looking backwards 36 years. Nobody could care less about it, particularly me. I think it sounds a little foolish to get it into the debate. We are talking about looking ahead, and they have already proved their record in looking ahead is no better than ours when it comes to oil policies, so I don't think we should let that get into the discussion.

There are two things the minister is saying which bother me and this relates to the debate on the oil research bill. I think the minister is being extremely naive - and I say this very frankly and sincerely and bluntly - and somebody is selling him a bill of goods if they formulate a policy relating to development of the tar sands, including in situ recovery in terms of a breakthrough, because he is going to get broken politically on that philosophy.

One can build into his planning that possibility, but the basic government policy on the idea of a breakthrough is - as I say, somebody has sold the minister a bill of goods. The oil industry in the U.S. has spent billions on oil recovery research, and the \$100 million the Government of Alberta is going to spend isn't going to touch the surface of what is already on record. Quite frankly I have some strong reservations as to the public merit of \$100 million going into the research, because I think the government is getting into an area they know nothing about. Somebody has sold them a big bill of goods, it is going to be a real pork barrel for somebody, and it isn't going to contribute anything to the solution of problems at hand.

So I think, as I say, the minister and government, if their policy planning is based on technical breakthroughs to get heavy oil out of the ground in situ, have got some sad experiences coming because they haven't been able to find any breakthroughs in getting conventional light oil out of the ground, let alone heavy oil. So if the minister wants breakthroughs he had better concentrate on conventional oil recovery because there is a tremendous base to build on and he can squander the whole provincial budget on it. But, as I say, I will save that speech for the research bill. I suspect it is going to be largely a waste of money.

MR. DICKIE:

Mr. Chairman, I have just a short few observations to make. I think there is some suggestion that we incite a debate here. I can appreciate why the hon. member wants to put his head in the sand and forget about the past, but I can assure him we are looking ahead to the future and I think all our policies, particularly in energy, have shown that. There is no question in my mind about the great foresight we have shown. Take Syncrude and the formula we devised for the royalties on that. Those are all future-thinking situations and are something unique which has never been developed before.

Mr. Chairman, I also have to remark on the in situ process. It may be that the hon. member can make the statements that he has. I can only suggest that I've talked to a number of people who are actively involved in the in situ method. Nobody's going to guarantee that what you're spending dollars on you're going to get results on. I hope the hon. member isn't that naive, to think we're suggesting that because we have committed \$100 million we're going to get that.

But I would also suggest to the hon. member, and a great deal of this information isn't public, that great strides have already been made in the in situ method. There is no question about it. It would be desirable to have major breakthroughs but the steps have been taken. If you're talking to people who have developed the in situ method, I'm sure they'd be more impressed and couldn't support the statements that the hon. member's making now. Maybe the hon. member wants to suggest that he's an expert in the field. I'd be glad to talk to him with some of the other experts I've talked to. We can then judge who we should accept. But I again suggest that we're not going to lie down and say it can't be done. There are steps that have to be taken. We're prepared to take those steps to see what we can do to encourage these breakthroughs that are going to develop the oil sands.

MR. HENDERSON:

Mr. Chairman, just one quick retort or two.

First, on the question of the government's ability to foretell the future, I think they made a tremendous deal on Syncrude. I thought they were going to push it to the breaking point; it wouldn't go and when I look at what the government's doing financially,

I can't imagine it going ahead anyhow. Nonetheless I think that's a good deal. That's not foresight, that's just bargaining today. Well, they'll look good tomorrow. What I'm talking about are all those big programs on hearings on oil royalties and the policies staying the same for five years and so on. Obviously the government bloodied its nose pretty bad on that one, I think. They're still suffering from the repercussions of that.

But I come back to the question. I'm not trying to pose as an expert. One thing I learned the first year in here was don't stand up and pretend you have any expertise because you have about 70 other people trying to convince you and prove to you that you don't. So I don't propose to be an expert on the tar sands.

I'll just say to the minister, I'd like him to name the major interests involved in active exploitation research programs in heavy oil recovery right now that have supported the government becoming directly involved in that research field. Maybe I'm talking to the wrong ones. I say, where's all the pressure coming from for the government to pour \$100 million into tar sands research? It sure doesn't come from us, so I don't know where it's from. Maybe it's the guys at the university. You know, they've got a lot of under-employed people at the university these days. Maybe that's where it's coming from. I don't know. I'm not posing as an expert. I haven't talked to anybody who's really spending money on in situ heavy oil recovery at the moment. They're standing out in line for \$10 million to do government research.

They'd rather the government left a little more of the royalty with them, and they'll do it anyhow. They'll do it more intelligently than the government will [by] getting into what's going to prove to be a big pork barrel exercise. If the minister wants to name the experts in industry who are actively and directly involved in it, who are putting up the hard cash and doing the research on it, I'll apologize to him and say I've been misinformed.

MR. TAYLOR:

I don't know whether this is a private fight or if anyone can get into it.

I have just two or three comments and I'm not going to pose as an expert because I'm certainly anything but. But as a lone Albertan I find it difficult to understand why the oil companies haven't, over the years, carried out research to bring our recovery factor above the 34 per cent. This sounds ridiculously low to me and in my view there's room for a lot of research. Not being a petroleum engineer, [I recognize] there may be factors which make this difficult, but I would hate to think that we can't go beyond, that we can't recover oil to a greater degree than 34 per cent. I believe there are ways. I think if industry hasn't been able to do it it's in the interests of the people of Alberta for some public money to be spent in that regard.

I just wanted to make that comment, but the thing I would emphasize is it's difficult to understand why the research of our majors hasn't been more successful in bringing that recovery factor above 34 per cent, over the last several years.

MR. LOUGHEED:

Well, Mr. Chairman, with regard to the interesting debate we are hearing, I wish I had the fact in my mind. We're talking about the percentage of recovery but I really do recall a fact that the average in the United States works out at about 22 per cent. We're doing it at 34 per cent. I don't know how my memory is, but I think we're doing relatively well. But that isn't to say we can't do better and I think the point is made. My only question, Mr. Chairman, is that I really look at the matters being raised and I find them very interesting. I would have just presumed that the two members would have been involved in terms of debate under Bill 47. I'm sure we'll hear the same points expressed at that time.

I did want to add, if I could, one item though that was raised in the general energy position and which I don't think has come out in terms of the remarks made by the hon. Member for Wetaskiwin-Leduc, Mr. Chairman. One of the concerns that I think we should be looking at in this province isn't just strictly the question of reserves and production and exploration. I think we have to start to examine very seriously whether or not there are any constitutional or legal ways for this province to have some control over the use of our energy resources in other parts of Canada. I think we should strive pretty hard to do it because it's fine to talk about it in terms of economy, but if all you end up doing is sending unprocessed resources downstream to buy back the value-added products here, and if we're forced to do that as a result of federal government policy and the federal party support of that policy, then I think that is a subject we had better be pretty concerned about right now in the immediate 12 months.

MR. DIXON:

Well, Mr. Chairman, getting back to Vote 1407 in the Energy Resources Conservation Board, one or two observations weren't touched on by either the hon. the Premier or the

hon. Minister of Mines and Minerals, and they have to do with the recent report of the energy board where it suggests the coal royalty is not realistic, in particular coal we are exporting. I was wondering how soon the government may be considering taking a look at that situation. Of course, the hon. minister and the hon. Premier have already touched on the fact of the other recommendation of the board, that they set up some kind of regulatory rules which will carry out similar export permits, or whatever you want to call it, as far as our coal is concerned, the same as we have in our gas and oil.

I believe the Premier touched on a good point but I think he failed in one thing - he probably didn't mean to leave it out - but I think the most important thing we've got to look at today in Canada, as far as a new policy on production and in particular production in our marginal fields, is the taxation the present federal government is talking about. If we want to give any encouragement to industry to go beyond the percentage that we're doing now, we're going to have to see that they aren't burdened with extra taxes that make it difficult, and in some cases impossible, in the marginal oil and gas fields to carry on further efforts to get the oil. If we look back in history, over the last two or three years a lot of our drilling program, both for gas and oil, has been in what we would call either shallow drilling or marginal fields. In many cases the drilling is not deep and the production is not great. If given half a chance they can produce a lot of oil and gas in that type of field.

While I'm on my feet too, Mr. Chairman, I wonder if the hon. Premier or the hon. minister would touch on the Mackenzie Valley pipeline route. I think this is going to have a lot to do with the so-called 30-year rolling supply we're talking about with gas.

It seems to me that the federal government is going to maybe favour the other line in preference to the Mackenzie Valley line. I'm just wondering what efforts we are making to ensure the Mackenzie Valley line which I, and many other people I have talked to in the industry, suggest is the logical one to go forward first, particularly if we are talking about our own industry here in Alberta.

One other point I would touch on, Mr. Chairman. I noticed in the report of the Oil and Gas Conservation Board that they completed a major study of production measurements for accuracy standards and a letter was sent to the government and to other interested people. I have heard some concern expressed by people who ask me how the government ensures that the total oil purchases match the total production of crude oil. What policing methods have we to make sure the government is getting its fair share of royalty? It fits in with what the reports have brought out, that there have been some production measurement studies made over the last year. I would appreciate the hon. minister or the Premier remarking on that particular point.

Before I sit down, Mr. Chairman, I would like to touch on this 36-year looking-back we have talked about. I think in this House, even in the time that I've been in this House, we were having difficulty getting people who wanted to buy the oil to even talk to us. But thanks to the Arabs and to other situations the present government has an easier time in looking ahead because there is a demand for our product. I agree with the hon. Member for Wetaskiwin-Leduc, the Premier and everyone else who has spoken in this debate, that we are in a good position.

But we can be in a better position if we lay down a policy and also work very closely with the federal government to show them some of the errors of their ways which they are promoting at the present time. I hope that by the time the next election rolls around, regardless of who gets in, they will take a realistic look and give us further encouragement in our industry here in Alberta. Because by giving us the encouragement we are going to assure the rest of Canada that we can provide the oil and energy needs in our country to a greater extent in the future.

Thank you.

MR. NOTLEY:

Mr. Chairman, does the minister want to answer that? If he does ...

MR. DICKIE:

Mr. Chairman, perhaps I could answer the four points raised by the hon. Member for Calgary Millican.

First, with respect to coal. I believe we mentioned before in the House that we initially had started a review of the coal royalty. We restricted the activities of that committee, however, after we requested the report on coal by the Energy Resources Conservation Board. At the same time the Crump Commission was holding hearings in Grande Cache dealing with some pertinent questions involving coal. We now have both the reports from the Energy Resources Conservation Board, as well as the advice and direction from Mr. Crump and the Crump Commission. So we have reactivated the committee which will now be looking at the question of coal and the royalty question. We have noticed the changes

that have been made in respect to the coal royalty in British Columbia and we have had suggestions from industry in respect to what we should do with respect to a coal royalty in Alberta.

[Mr. Diachuk resumed the Chair.]

At the same time, I think another point that is going to be important - and we want to have discussion with the committee on it - is the question of the fields in the province of Alberta relating to coal and those which could perhaps be looked upon and used beneficially for thermal coal, electric generation and, at the same time, coal gasification and coal liquefaction. We don't think it's too early to start examining which fields might be more desirable than others for that. So I think at the same time the committee is looking into the coal royalty we'll also have them look into this factor and see if they have some recommendations in that regard.

Mr. Chairman, the hon. member raised the question of marginal wells. I'd like to draw to his attention that our royalty on crude oil was designed to help those marginal producing wells. If the hon. member will refer to the graph which charts the royalty rates against production, he will observe the curve there which does help the marginal producing wells. At the same time, when we came up with our supplemental royalty we also followed the same type of curve there. So we are working in that area and constantly aware of the problems of the smaller producing wells and those which will be marginally economical.

On the question of the Mackenzie Valley route, I think the hon. member will recall the steps we initiated to have a conference dealing with the Mackenzie Valley line. This was to be a joint venture with the federal government, the provincial government and industry. However, after a number of talks it was decided that perhaps the best course of action to follow would be to let the company and the consortium make their application to the National Energy Board, have their hearing and proceed after that time, if it was felt necessary, or see the results of that hearing. I think the hon. member should be aware that Alberta Gas Trunk Line, a prominent company in Alberta, [is] one of the members of that consortium, so there is the input that's required that the hon. member is perhaps suggesting.

I think the hon. member touched on the other point about the policing of the royalties. We have presently a discussion under way with the Alberta marketing commission as well as members of our department, to make sure adequate steps are taken so there isn't any difference between the actual production and the figures on which the Crown receives its royalty. So I haven't a definitive answer for him at this time, but that is one area to make sure we are adequately protected in that area.

MR. CHAIRMAN:

Just for the benefit of the members, the final score in the NHL game was Boston 2, Philadelphia 3.

MR. NOTLEY:

Mr. Chairman, I want, first of all, to ask a question and then make a couple of comments. The question is to the Premier. It deals specifically with the question of an oil resources preservation act. It was raised directly and indirectly tonight in the discussions the hon. Member for Wetaskiwin-Leduc brought up. But as I recall, during yesterday's question period, Mr. Premier, the Leader of the Opposition asked you the equivalent of whether or not the government was going to introduce an oil resources preservation act. My understanding of your answer was that it was just around the corner. In other words, there was a very real possibility that that kind of act would be introduced within a very early time.

Now, I ask the question because in listening to the minister tonight answer the Member for Wetaskiwin-Leduc, I got the impression that an oil resources preservation act is some time down the road. If we're going to talk about - he used the term "flexibility" and contrasted the situation in oil with the rolling 30-year supply as far as natural gas is concerned. I wonder perhaps if we could have a clarification as to just where the government stands on an oil resources preservation act and the time frame the government is contemplating at this particular stage?

Then, Mr. Chairman, I just want to make two very brief comments. The first comment is that I certainly agree with the arguments raised by the Member for Wetaskiwin-Leduc. I noticed also, the minister in answering, despite the fact that we had a little war for a while - nevertheless they both agreed on the basic substance that we do have to gain more information.

I was interested in the minister's comments, however, that the efforts to get this information from the oil companies hadn't turned out too successfully, and I would ask him whether or not the government feels strongly enough about getting this kind of information

as to drilling that they would feel some kind of legislation would be necessary to make it mandatory? So I think the point of the Member for Wetaskiwin-Leduc is very well taken.

We can talk about the large number of wells which have been drilled in Alberta, but if most of those wells are in existing fields and if only a small percentage, approximately 25 per cent of the wells, are in new areas to open up new fields, then we really aren't getting the full benefit of our Drilling Incentive Program. I think we just have to, especially if we are going to be making - not money directly available - but allowing companies to write off royalties through the drilling program. It seems to me, Mr. Chairman, that we do have to have a pretty thorough assessment of just where they are drilling, why they are drilling and just how they are in fact pouring that portion of their budgets back into Alberta, whether it's just to expand production from existing fields or whether in fact they're looking for new fields.

I don't think any of us can be complacent about the figures the Member for Wetaskiwin-Leduc raised tonight. When we're looking at 20-odd pools which comprise 49 per cent of the reserves and 45 per cent of the production, and when these are the pools where there is maximum production at this stage and we know that after several years they're going to begin to go down, then clearly that is something which should worry us.

I think the point also was made that slowing down the production, or retarding the production - I'm not suggesting and no one here suggests we cut it back or cut it in half or anything of that nature - but I think cutting down on the production, at least perhaps to '72 or '71 levels, would allow more time so we would be able to make the adjustments in the oil sands. Perhaps that extra five or ten years which slowing down the production would give us, might very well be sufficient time to bring the oil sands on stream at a pace which is not going to disrupt the environment or cause the social havoc which is very possible if we get ourselves pell-mell into rapid development of the oil sands.

So those are some general observations, Mr. Chairman. But I would like the Premier to advise as to what the timetable is for the introduction of an oil resources preservation act.

MR. LOUGHEED:

Mr. Chairman, I think I should probably attempt to answer the first question the hon. member raised and refer the other ones to the minister.

My recollection - I don't have Hansard in front of me, and it must have been misunderstanding then, because I thought the question the Leader of the Opposition was putting to me yesterday or the day before, whenever it was dealt with, in terms of legislation had to do with whether or not the government was contemplating any legislation that would put the government or its agencies in a position to control the fact that resources which were used by way of projects in the province were used in such a way as to generally benefit the province in priority to other areas.

I took that question in that general sense, not in the sense of an oil resources preservation act, because it is quite true that our present position on that is that it would be some time and would only be one of a number of alternatives we're now considering and would consider over the summer.

Perhaps the other questions the hon. minister could answer.

MR. DICKIE:

Mr. Chairman, I'd also like to deal with that question of the oil resources preservation act.

The only point I'd like to mention thereto is that the hon. member would recall that when we were dealing with the Alberta Petroleum Marketing Commission and the Act establishing it, that does give us some control. So it's not as if we are in the position we were in last year, without that kind of control. Again, if they were suggesting that at this session of the Legislature, it would not be possible. After we do have these various reports and make the review we can look down the way in the future and consider that as an alternative.

It may be that as a result of these studies other alternatives come up. But again, I'm not sure when he was thinking [of] a way down in the future - I hope I wasn't misleading the member in that respect. It could be a fall [sitting] or the following session. Something would be necessary at that time.

Dealing with the question of information by companies, I think the hon. member should appreciate there is a great deal of information on the actual drilling activities. Data on that is quite prevalent and easy to obtain.

I think the areas we have explored [for which] we haven't got the data, which is what, I think, the hon. Member for Wetaskiwin-Leduc was really driving at - some of the financial information, the spending of money on exploration and development and what they may spend and budget for next year - this is the kind of information we have been requesting and are reviewing. I'm not sure, Mr. Chairman, that it would require legislation. Again that is something we'll have to determine as we progress. We are now analysing the exact information which we think we can justifiably request without demanding the complete records of the company. So that's one we are looking at.

Mr. Chairman, just before I sit down, I didn't like the situation. I appreciate the friendly discussion I had with the hon. Member for Wetaskiwin-Leduc, but he always gets the last word and I just hate to see him get the last word. I have to re-emphasize that every time he stands up in this House he gives the impression - for the number of years I've been in the House - that he is an expert on the subject he is speaking on. I don't think he should say in modesty he doesn't try to indicate that, because he has certainly left that impression on everyone I've talked to.

MR. HENDERSON:

Mr. Chairman, I just want to say I defer to the minister. I'll treat him just like my wife. I always give her the final word even if I don't agree with her.

[Laughter]

MR. DICKIE:

Well, I'm not sure I can accept that. I don't want to be treated like your wife.

MR. STROM:

The hon. Premier referred to a 34 per cent recovery as being excellent, in comparison to the United States figure. My question is, is recovery not related to two things: technology and economics? The economics maybe has been as large a factor in keeping the recovery as low - if I use the term correctly - as it is and the position that we find ourselves in now is one of determining what the return should be to the industry in order to get maximum recovery within the technological advances which have been made. Now, is that a fair assumption on my part?

MR. LOUGHEED:

Mr. Chairman, I think in part it is a fair assumption although my understanding of that situation was really to give credit to the Alberta Energy Resources Conservation Board. Because I think they have, to a fairly large degree, attempted to develop conservation practices here which in total, I think, contributed to that figure of 34 per cent. That isn't to say, as I keep repeating, we shouldn't do everything we can to improve upon it.

I think to be fair, because these comparisons have to be balanced, the 22 per cent figure which I referred to, the United States, is lower because there is a higher degree of maturity in terms of the fields, in terms of the years in which those fields have been producing and also in terms of the number of wells relatively and smaller wells. But I just think it is a factor which should be put on the table that shows a position relative to the reputation of the Alberta Energy Resources Conservation Board in terms of comparisons with other jurisdictions that can stand up pretty well. But that isn't to say we can't do better.

MR. STROM:

Mr. Chairman, perhaps I can pose the question in another way because I want to get information as to what is actually happening within the various fields. Does the industry suggest to the Energy Resources Conservation Board what they believe the recovery factor will be from a certain field or does the Energy Resources Conservation Board tell the industry what they expect the recovery to be? I think it is pretty important to keep in mind when looking at the energy situation within our own country today, whether or not the conservation board should in fact be laying down more stringent regulations in determining what the recovery from various pools ought to be.

MR. DICKIE:

Mr. Chairman, I can answer by saying that when we were reviewing our drilling incentive system and our royalty system we did discuss with industry this enhanced recovery and how we might assist in situations which would develop that were unique - where the costs would be considerable in the enhanced recovery scheme to warrant entertaining the scheme - and it does become very complicated to set down definite rules.

The regulation we have provided is after discussions with industry in which members of the Energy Resources Conservation Board and our department were present. I think it was the general consensus that most of the schemes could go ahead on their own and were economically viable. However, where there were unique situations - where the economics were questionable, whether they would proceed or not but would recover additional oil - they could make a special application to the Energy Resources Conservation Board, lay out their program and the Energy Resources Conservation Board could then analyse that program and make recommendations to the minister. The minister could then see whether they could warrant special consideration or not.

So we have left the door open in special circumstances to follow this type of procedure to assist industry where the situation warrants it. I think that deals with the question the hon. member raised, the technology and the economics. Both factors are involved and I think in our program today, as we have designed it, they are covered.

MR. STROM:

Mr. Chairman, I would like to make a couple of comments and then ask another question.

First of all I would like to say that, in my view, the Energy Resources Conservation Board has done an excellent job. I think we have been fortunate within the province of Alberta to have men of the calibre of the chairman of our board and I just want, at this time, to express my appreciation to them for the job they have done.

Then my question to the minister, which I would like to have answered, is whether or not there is any consideration [given] to [a] change of personnel within the Energy Resources Conservation Board in the coming year or couple of years?

Then, also, I would like to make a general comment in regard to Alberta's position on the control of it's development of energy resources within the province. I recognize that there is a desire on the part of some to suggest that we ought to slowly tighten the tap so that we will ensure a supply is kept for Albertans.

Now, Mr. Chairman, I have no intention of trying to get into the technical aspects in dealing with statistical figures, because I think one can bog down when getting into that kind of exercise. I know I can bog down on it because of my lack of understanding in that particular area. But I do believe there are some general principles we must keep in mind if we are going to retain the control of that resource within our province. And it is in this area that I am concerned.

I am one who has felt for a long time that the federal government would like to have a greater measure of control than it has at the present time. I'm also aware that we are going through a transition period where, if the situation is not handled wisely, we would in fact provide an open invitation for it to interfere. So I suggest there are two things we will have to keep in mind, and these are the matter of pricing and the matter of supply to Canada.

I would have to say that I have always felt, as an Albertan recognizing the ownership of the resource, that we should be entitled to a fair market value. I do not see anything wrong with that. Coupled with that, I have also felt that Canada can exercise it's right to determine the manner in which this resource will be distributed in Canada. And therein lies the problem of balancing the supply within a reasonable framework and having the price set in such a way that we avoid the minimum of incentive on the part of the federal government to feel it has a requirement of moving into a few. I mention it simply because I feel that through our Energy Resources Conservation Board we have the mechanism for determining the supply factor. I think it has done an excellent job. I think, however, that it becomes a government decision to determine the price and that this also must be balanced with the first fact I have mentioned.

Now there is a last point I would like to refer to and I suggest that this was not my idea. It was raised in the House once before. I do not recall whether or not any definite statement of policy was made with regard to it nor whether it is feasible. I raise it again simply to have a view expressed. The Member for Medicine Hat-Redcliff, in conversation with several of his and my constituents - and possibly others in that area, has had the view expressed that possibly there are fields that could be set aside for future use.

Whether or not this is practical, I don't know. I have never had any discussions with the industry in regard to it and I've not discussed it at any time with any of the officials of the Energy Resources Conservation Board, but it is a matter that I believe bears investigation. I would be interested in having some expression of opinion from the government as to whether or not it is a matter in which they feel consideration should be given.

MR. DICKIE:

Mr. Chairman, I'm pleased to note the hon. member's comments and first I respect the high regard he has for the Energy Resources Conservation Board. It might at this time be appropriate for me to mention that at the National Energy Conference we had a strong energy team. We had representatives from our Alberta Petroleum Marketing Commission, the chairman, representatives from the Department of Mines and Minerals, a representative from the Energy Resources Conservation Board and the Chairman of the Energy Resources Conservation Board. As I sat there and realized and looked at what the other provinces had, I can say without hesitation, Mr. Chairman, to all the hon. members that I think we had the strongest team in Canada at the National Energy Conference.

That leads me to the next question the hon. member raised dealing with the principles, the federal government's control and so forth. I can only recommend to the hon. members again, read the statements of the hon. Premier, statements by the Minister of Federal and Intergovernmental Affairs and the recent statement by the Attorney General, because they all deal with this question of supply, price and control. If you read those statements and realize the foresight and leadership they have shown in this province, I think we all feel proud when we can send men like that down to the National Energy Conference backed by a strong energy team.

Mr. Chairman, the third and last point the hon. member raised was the selection of a particular field and setting aside that field for a particular purpose - or the reserves for a period of time. I think that question is perhaps just a little premature. In June the Energy Resources Conservation Board is having its requirements hearing on natural gas. They will be giving us views at that time. It would then involve a question of whether there was or wasn't a surplus and how you would handle the reserves in that manner. It may be one of the areas which would be considered at that time if it was necessary.

MR. STROM:

Mr. Chairman, I have one point the minister didn't deal with. Are any changes being considered in the personnel of the Energy Resources Conservation Board?

MR. DICKIE:

Yes, I have a comment on that and I overlooked it. I'm sorry. At this time the question of the personnel of the Energy Resources Conservation Board is not under review.

MR. LOUGHEED:

Mr. Chairman, I was just concerned about a comment made by the hon. Member for Spirit River-Fairview. I may not have understood him correctly and it may be that he was in part answered by the Minister of Mines and Minerals.

If I understood the remark correctly, it had to do with our Exploratory Drilling Incentive System. In some way there was a reference to the comments made by the Member for Wetaskiwin-Leduc expressing concern that a high degree of activity was going on in terms of development drilling and development expenditure in areas which were possibly not as well advised as they should be in terms of expanding production from certain pools, if I understood the point the Member for Wetaskiwin-Leduc was making. I must say that I could not [follow] and I don't think there should be any misleading of the people that there's any way that those sorts of expenditures are involved in terms of credits by way of our Exploratory Drilling Incentive System. They're entirely separate matters. Now I may have misunderstood the hon. member but I did want to be clear on that.

MR. HENDERSON:

Mr. Chairman, I just want to make two brief statements here, possibly with a view of clarification

First, my remarks relate to the energy situation in the province and the policy as I see it. Any talk of restriction is in no way related to the Alberta market demand for oil. Obviously, if one looks at the Energy Resources Conservation Board report when it assessed - I think it was last year, I haven't got the report with me - the future demand in Alberta, at best, by the end of the century, it represents less than 25 per cent of the total proven remaining conventional reserves without ever touching the tar sands.

So the question of restricting production has nothing whatsoever to do with the Canadian market. I was expressing the view strictly in relation to the national situation, and I feel that there is some benefit for the province to look at the national situation. I have to suggest maybe we're getting a little bit ahead of the federal government on it, because they don't get ahead on anything. I think, if we're going to protect our interest, we've got to move from a defensive posture to a positive one. And that's the national energy situation. I want to make sure that nobody misunderstands me

in that regard. Talk of restricting production has nothing to do with the Alberta market supply.

The other point is, I think I also want to make it abundantly clear that anything I said in no way constitutes any criticism of the Alberta energy board. I have tremendous respect for them - I think that anybody in here who knows anything about their activities will only second what the Premier said about the fact that recoveries are better in Alberta than they are in the United States. It's because of the policies that the energy board [has held] for years.

The area I was devoting myself to is the question of government policies. They are beyond the jurisdiction of the Energy Resources Conservation Board and require government policy directions. They fall on the political arena and certainly are not the responsibility of the conservation board. It's clearly the responsibility of the government and I just want to make everybody fully aware of the fact that I certainly have no criticism in any way, shape or form of what the board is doing.

I will come back to what the Minister of Mines and Minerals said - if we don't have the best energy delegation at the federal conferences we'd better all get out of this Legislature, because we should have the best.

Appropriation 1407 agreed to:

\$3,250,000

MR. LOUGHEED:

Mr. Chariman, before we go on to 1410, if I could revert to 1402 to answer a question from the hon. Member for Cypress.

MR. CHAIRMAN:

Is it agreed?

HON. MEMBERS:

Agreed.

MR. LOUGHEED:

The difference of 16 between the number of personnel who were under 1402 in the previous year's Estimates, and today, came about because they were transferred from the Clerk of the Legislative Assembly's office, and now appear under Legislation.

Appropriation 1410 Alberta Women's Bureau agreed to:

\$58,175

Tourism

Appropriation 1414 Travel Alberta

MR. RUSTE:

Mr. Chairman, to the minister, how many Travel Alberta maps are printed in a year, and what is the number of kits? I understand you have the road map, and then there are kits that are sent out upon request. Could you give me the number printed?

MR. DOWLING:

Mr. Chairman, there are something like 800,000 road maps printed. I'll give you some of the other examples: 500,000 Alberta visitors' guides, half a million Vacation Alberta; 400,000 Self-Guided Tours by Car; 300,000 Alberta Events, and generally that's it. We distribute the bulk of those. Very seldom are there any left at the end of the tourist season.

MR. RUSTE:

Well, Mr. Chairman, just to comment on that. There were two maps this year without the information - and I've had comments made to me that people certainly appreciate the information rather than the other map. The reason I asked is that there are a considerable number of maps out, and no doubt many people will get the map who don't get the information packet. If you're travelling, certainly the map as it was before, with the information on points of entry and many, many other informative things - I would ask the minister to consider reverting to that type of map next year rather than continue with this type because of the comments I've had.

MR. DOWLING:

I appreciate that comment, Mr. Chairman. When we do get a request for information - we usually include things like the Vacation Guide [Alberta Visitors' Guide], which indicates all the accommodations in Alberta, the Vacation Alberta brochure, the Alberta map and the lure piece, what we call The Blockbuster. It's about a 64-page document which indicates all the various small tours and day tours, weekend tours, three-day routs which can be taken in the province.

I appreciate your comments on the map. We have some people in the audience listening and we'll probably make some adjustments next year.

MR. RUSTE:

Just further to that. I know there is many a time when you just have a map, maybe in the cubbyhole, we'll say, when you're travelling. You don't have this other information with you, apart from holidays, we'll say, and you would certainly appreciate that information on the map because many times you can use it. I appreciate the other information that was given out.

MR. PARTON:

Through the Chair, to the minister. I was going to ask if he has undertaken any films in promotion of the tourist industry over the past year, and where it sits if he has?

MR. DOWLING:

Yes, Mr. Chairman, we did win a first prize award for our ski film this last season. It was commissioned by the Travel Alberta organization. We put it out for bid and it won the National Film Award in eastern Canada.

We have another one that is proposed in this budget, which is a summer film. Films, we understand and we do believe, are the best method of promoting the travel industry in Alberta. The next best is TV, radio, newspaper advertising and brochures, in that order. But we do find considerable value in the travel films.

We understand the national organization has, first of all, purchased something like 200 copies of the ski film we produced last year and has now ordered another 150 copies which will be circulated throughout the entire world. It has been receiving a really positive response wherever it is shown.

MR. BARTON:

Just to follow that up, was that film made in Alberta?

MR. DOWLING:

Yes it was. It was commissioned by our organization. We always put most of these contracts out to tender. In our advertising campaign, for example, Mr. Chairman, we advertise that we want a particular thing done in Travel Alberta. We invite presentations from the advertising media and we choose the four best presentations.

Last year we instituted a program where we actually gave those four organizations that were making their presentations \$1,000 to make their final presentations. In other words, to be very sure that everybody had an equal opportunity, from those four presentations we chose the best one. This is the way we did the RCMP centennial as well.

MR. BARTON:

To follow that up, were the locations in Alberta?

MR. DOWLING:

Absolutely. The best skiing in the world is in Alberta, of course. We are hoping that the private enterprise sector will become a great deal more viable in the ski

industry. It is in the national parks. There are three major ski areas outside the national parks which are coming along.

There are some problems with financing, and we hope it will become a little more stable as time goes on.

MR. BARTON:

Just one more question - I'll get this question over and I'll be through. Will there be any positions open under the PEP and STEP programs for zones or towns to hire - rather than go through a municipality, go directly through a zone? For instance, Zone 8 or Zone 14; would they qualify for a student in their booths during the summer holidays?

MR. DOWLING:

The STEP program, Mr. Chairman, as you know, is under the Department of Manpower and Labour. What is required in applying for assistance for information centres through STEP is that the municipality or the town council in question must approve the proposal for the STEP program for the Tourist Information Centre. Now those are the private sector operated tourist information centres.

Of the 12 information centres we operate at the border points and the 8 mobiles out-of-country or out-of-province, those information centres are operated through Travel Alberta and we do our recruiting in Alberta - of Albertans.

We welcome any representation from any member to have someone whom he or she thinks will be a real asset to the tourist booth in their area. That's no guarantee they will be selected. We select the best people from the area involved. There are four people in some of the information centres, [in others] as few as two, and it ranges in that area.

MR. BARTON:

You missed my point, I think. Do the zones as a group, say, Zone 8, qualify or are you prepared to change the regulations so the zone can make the application? Say they wanted three summer students to man their particular booths in Zone 8. Will they qualify in making a direct application to the Minister of Manpower and Labour?

MR. DOWLING:

Certainly, any Albertan will qualify for a job in Alberta. Our position is that we like people from the zones to work in the zone information centres. You misunderstand slightly. The STEP program is operated by the Department of Manpower and Labour. Any STEP program which involves information centres is also private sector - chambers of commerce or this kind of group. Our own information centres operated by Travel Alberta are primarily located at border points. Even the mobile ones are there on a trial basis which will eventually, perhaps, become permanent.

We recruit those people ourselves through Travel Alberta and Mr. Sears of that branch. Once selected they go through a training program. We welcome, as I say, the representation of any zone or any individual MLA regarding the recruiting of those people. They do have to meet certain definite standards and certain requirements. They must know Alberta, and they must sell all of Alberta, not just Sexsmith or Rocky Mountain House, but the whole province.

MR. BARTON:

Just to follow that up, if the midnight-twilight zone made an application to man the booth which they are attempting to locate somewhere in the Westlock-Clyde Corner area, will they qualify for assistance under the STEP program for three students to man that booth? I agree they must have the background. You can make the recommendation, but will that zone qualify if it makes the application? This is what I really want to know.

MR. DOWLING:

Well, anybody qualifies providing they have approval of that program by the municipality in which that program is located. I have no jurisdiction over STEP whatsoever.

MR. LUDWIG:

Mr. Chairman, I have about three questions to the hon. minister. There is an item of \$390,000 for advertising, and I would like to ask him whether any of the advertising of the Tourism section is made or carried on with the cooperation of the Bureau of Public Affairs. That's number one.

MR. DOWLING:

No, Mr. Speaker, that is, they help us in one way, if we engage an organization to take on this advertising program. At the moment it happens we do have one. It's one that was employed by the former administration. In our next year we are going to ask the Bureau of Public Affairs to put out a tender for all the advertising organizations throughout the province to bid on the program. Naturally, the organization which is presently there will be a couple of steps along the way, or have a better chance perhaps than others, because they know the way we think, they know the way the program operates. They help us only in the organization of developing a program. They have nothing directly to do with Travel Alberta, it's just in the bottom part. It's not a Bureau of Public Affairs function. They do have some expertise over there which we sometimes rely on, but basically the program is ours.

MR. LUDWIG:

Well, Mr. Chairman, the hon. minister anticipated my next question, and he answered it.

With relation to grants, there is a fairly hefty increase in grants. In what manner are these grants disposed of or passed out, and to whom and on what basis? Certainly tourism is a vital industry which brings in an awful lot of money, and so one cannot begrudge some help from the government. I just want to know on what basis these grants are passed out.

MR. DOWLING:

Mr. Chairman, the philosophy of the grants system has been ongoing for some time. We have changed it in a few ways. The first way we changed it was to set aside a part of our budget for this year, during this fiscal year, so that on January 1 of the next calendar year we will have \$2,500 as start-up money for that year. That's guaranteed to each of the 14 zones.

In addition each of the zone organizations is a separate and distinct tourist organization. They may be a part of the chamber of commerce, part of the city or town council, as in the cities of Edmonton and Calgary. They might come up with any number of projects that they believe are really vital to that particular zone to promote as the basis of their advertising, of their tourist promotional campaign in their zone.

They present these projects. As you can well imagine, the moneys they require for some of the projects are far in excess of what we can supply. They are on a matching dollar basis. They present those projects to a committee of the Travel Industry Association of Alberta, which is a private sector organization that is out there supporting the tourist industry and really and truly developing it. We support that organization with this amount of grant money.

The Travel Industry Association of Alberta makes its recommendations to us relative to each zone. The Travel Alberta organization then says, we approve it up to this amount of money. The money is set aside to be paid through the Travel Industry Association of Alberta to the zone after the project is actually completed.

MR. LUDWIG:

Mr. Chairman, with regard to the Alberta RCMP celebrations, has the federal government made any contribution to ...

MR. CHAIRMAN:

Mr. Ludwig, I think there are questions still on tourism, on Travel Alberta, I mean. Maybe we could finish that one first.

MR. LUDWIG:

Then with relation to tourism itself, Mr. Chairman, could the minister give us some indication of what the prospects for tourist facilities and increased tourist activities are, as a result of the Kananaskis Highway. What is really in mind, or is that still a thing very much up in the air?

MR. DOWLING:

No, Mr. Speaker, it isn't. We are, of course, as you understand, waiting for the results of the ECA hearings. We have however set aside an amount of money in this budget to do a tourism study to determine what in fact we require in the way of tourist facility development in that area, that is, the Kananaskis. I'm not sure if I am going to cover all that point.

You asked me for a forecast of what we are expecting in tourism. We expect, including consideration of inflation, at least a 10 per cent increase in the tourist traffic this year, as opposed to something like 9 per cent last year and an average of about 7.5 per cent over the previous decade. There are a number of factors that make this possible, including increased leisure time and the increased amount of earning power and so on. But the one that's most significant at the moment is the real or imagined energy shortage in the United States which is going to bring people up to the Canadian border as quickly as they can. They will be travelling across Canada. Also the Canadian traveller who normally zips down across the border and travels the American route will not be doing that this year, so we will get a great deal more in-Canada travel by Canadians and in-Canada travel by Americans.

In addition to that, our priority in Alberta this year is, travel Alberta by Albertans. It's our major thrust. When we first started Travel Alberta we had a deficit position of some consequence. More people were travelling outside Alberta than were travelling in it. We are now in a positive position to the tune of \$18 million and there are still four provinces in the negative position: Ontario, B.C., Saskatchewan and New Brunswick, I believe.

MR. LUDWIG:

Mr. Chairman, I was actually interested in what additional facilities are anticipated along the Kananaskis Highway, perhaps at the lakes, and also in the Canmore Corridor. And could the minister then also add whether he thinks this might ease some of the tourist pressure on Banff and Jasper National Parks?

MR. DOWLING:

That's an excellent question, Mr. Chairman. There is no doubt that that is also a priority of Travel Alberta, to ease that pressure on the national parks. We have had some disturbing communications from some of the national parks people relative to entries to the national parks. Our plan over the long term and is to develop facilities in a way that that pressure is taken off. However we are not in a position, at this time, to indicate any specific developments but I can say we have an amount of money in the budget to proceed on a study on what we really want in that Canmore Corridor and the Kananaskis Road.

MR. LUDWIG:

Mr. Chairman, at the present time there is no indication whether tourist facilities will be provided or whether they will permit the private sector to provide facilities for people who might travel there?

MR. DOWLING:

Mr. Chairman, there is no question that if there are facilities provided they will, wherever possible, be provided by the private sector. In addition to that there are possibilities, of course, of government becoming involved in setting aside other pieces of land in the way of parks. I have no idea about that, but that is another possibility. But wherever possible - I am now talking about physical development, physical buildings - those will be provided in all cases by the private sector.

MR. LUDWIG:

Mr. Chairman, are there any plans at the present time, or offers, of provision of tourist facilities along the Kananaskis route by the private sector?

MR. DOWLING:

I can't think, Mr. Chairman, of any specific ones. However there have been a great number of presentations made over the last year and a half regarding facility development in the eastern slopes generally. None of those have been approved, they have yet to be dealt with and they won't be dealt with until the results of the ECA hearings are tabled.

MR. BARTON:

Just to follow that up, would the hon. minister take it on his own behalf to make a representation to the Minister of Manpower and Labour to set a certain number of your expertise, students, through the STEP program to man the specific zones and make it eligible? Because what really happens if you ask a county or an ID or a municipality to use up that option, the chances of them using it within their community - of getting the extra students - isn't very great.

I think this area is an important area as far as manning the booths and getting the expertise required. I think this particular area could be fitted very well for summer students under the STEP program if we can get the authority or the government to recognize

the zones as the authority to certify an application. But if the town of Slave Lake or the town of Westlock were to apply for three, under the STEP program, to man the booth of the particular midnight-twilight zone, their chances of actually getting work within their own town under extra students or another three students just won't come through.

MR. DOWLING:

Mr. Chairman, there has been some priority given to STFP students for information centres run by the private sector, the Chambers of Commerce and so on. I can recall, in the first days of STEP, a fairly large number and that increased last year. The problem, of course, is that the zone boundaries are not coincidental with the boundaries of municipalities, counties, ID's or cities so it has to be the responsibility of the private sector and the local government to recognize the value of tourism.

Knowing that the hon. member recognizes the value of tourism and does a great deal in the north country for it, I think it's incumbent upon him to make some extra special efforts to convince his council they should make application, and approve the making of that application, for STEP funds.

MR. RUSTE:

Well, Mr. Chairman, getting back to the distribution of the maps and the travel information you have, now there is reference here to free travel counselling service. I am just going to mention one of the organizations involved and this is, of course, the Alberta Motor Association. Approximately how much material do you provide them for redistribution? What I am getting at is how much is directly distributed by the department, as such, through Travel Alberta and how much of that is turned over to the Alberta Motor Association? I think this is a good example as they spread a lot of information to their members, of course, and there are other travel agencies as well.

Another one is the fees and commissions which are up substantially. Maybe you'd enlarge on what's involved there and then on the distribution of the added staff who are provided for this year.

MR. DOWLING:

On the first item, Mr. Speaker, we do limit our distribution of material as far as it is possible to our own distribution system. If there are requests from the AMA, of course, we send them material but on a limited basis because of the many, many requests. We receive a tremendous number of requests and if we were to honour them all we would be coming to you for a budget of just about double what we now have.

We do send information, of course, to places like the London office of Alberta House. We send information to the Canadian government travel office, they do some distribution in all their offices across the world. But most of the information, a very large percentage of it, is distributed by us either on request, individual request, or at our 20-odd information centres.

On the fees and commissions, we have quite a number of items in there. We have a study on the educational requirements for Travel Alberta, and I mean by that, how we can upgrade the quality of staff we have working in the tourist industry. Last night I met with the Canadian Hotel and Restaurant Association, and this is their major problem.

The problem in the tourist industry is labour, qualified labour. The figure was thrown out some time ago in the House that 68 per cent of the labour force in Canada by 1980 will be involved in the service industry. So we have to recognize that in some way we have to upgrade the standards of the people involved in the force who are working in the tourist industry. The Department of Education, the Department of Advanced Education, the Department of Manpower and Labour and the federal Department of Manpower and Immigration have all been contacted and we are in continual conversations with them relative to this major problem.

There has been an initial small study done indicating the direction we should be going, and that is being continued. That is part of it.

There is something like \$30,000 in fees and commissions for design of the material we are now distributing. There is a \$40,000 amount in that appropriation for the study on the eastern slopes which I mentioned. There is a \$20,000 amount for our share of a summer film which will be produced this year. Two thousand dollars is for four-seasons posters. Other larger items are \$38,000 for translation of our major publications into three foreign languages: French, German and Japanese.

We also have a \$30,000 amount for research regarding the use of campgrounds. And I should say at this time that any of the ministers or departments responsible for the campgrounds in the province of Alberta have no intention whatsoever of changing their philosophy on the campgrounds presently in use. All we are after is how we can better use

them, how we can get the private sector involved, how those people presently involved in campgrounds can, in fact, invest in that type of facility and become viable and make a profit.

The last item, and one of the larger ones, is \$97,500 for a sign program. We have done this in cooperation with the Department of Highways and Transport and the Department of Culture, Youth and Recreation, in an attempt to design a sign which will be located at strategic points throughout the province - 50 as a start-up number. I can't name the places just offhand, but they will be located at places where the tourist turns off or will stop. There will be a stopping point where he can find out where the next campground is, where you can get food and lodging, where there is a lake, where you can fish and so on. There will be larger signs much like the sign in the Camrose area that says, "Strong Norsemen First Populated this Area". So that's the largest part of that appropriation in relation to that number.

MR. RUSTE:

The one point that I believe the minister missed is the distribution of the additional staff. Before he answers that, I would just like to comment that certainly as far as the campgrounds go I'd hope that the minister would do all that he can do to get some additional ones and enlarge some of the ones we have. The people I've talked to really appreciate these and I think these are some of the things we in Alberta can afford to provide for the public.

MR. DOWLING:

Yes, Mr. Chairman, our views are the same as yours. We believe they do offer a tremendous service to the travelling public.

The distribution of staff is nine people in the administration portion, seven in planning and development, seven in marketing and eighteen in the information services. Those are the people who distribute all the material and they're now located in the old Queen's Printer building. Travel Alberta is now located on the third floor of the Boardwalk which is just down the street from there. We have three field office people in addition to that.

One of the things that is the philosophy of the branch is this, that we must bring into Travel Alberta people from the private sector who are knowledgeable in the travel industry. We have done this in three out of four cases thus far. Our next major recruitment will be someone who is totally knowledgeable in the convention industry. The convention industry portion of the travel industry is a major portion of it, not just a minor one. This is part of our priorities for this year.

MR. BENOIT:

Eight of my ten questions have been answered, Mr. Chairman, but I've got two more.

It was agreed that there is some tie-in between this vote and Vote No. 1446 of the Bureau of Public Affairs.

MR. DOWLING:

Only in respect to the expertise the bureau has. They have people who are knowledgeable in how to go about soliciting advertising agencies to come and bid and develop the ad that makes up that promotion. You know our own little ads just say, would you please make a presentation for Travel Alberta for the 1975-76 season. That's what they do for us and that's all.

MR. BENOIT:

Well now, my further question is, is there any connection between this vote and 1470, CARET and MEETA, and the \$3.5 million for the Alberta Education Communications Corporation?

MR. DOWLING:

None whatsoever, Mr. Chairman.

MR. BENOIT:

The other question I have, Mr. Chairman, has to do with the government's policy with regard to private campgrounds and camping facilities. You will recall that we've had some representations made and the fact that the signs have just been mentioned now for campgrounds. Is the government going to do anything by way of assisting private enterprise?

MR. DOWLING:

Right, Mr. Chairman, we are doing something. First of all, as I mentioned, we do have a sign study that's under way. The preliminary work has been done. We know basically what we're after. That signing will proceed fairly quickly. The signs, when completed, will indicate both private sector camping areas as well as government ones.

With regard to the campgrounds themselves, that study is also going to be under way this year. We hope the results of that will be of considerable assistance to the private sector in determining where, in fact, they should invest and where they shouldn't.

One of the problems we found is that the camper, trailer, tenter kind of facility is very attractive to the private sector. They have thought in the past that for \$150 per site they can really get into a money-making business. They also work and have worked on a 120-day season. The season is more like 45 days and they require something in the order of between \$1,500 and \$3,000 per site. So it's a really delicate kind of business that you have to know a great deal about before you can get in. That's part of the whole program that we hope to solve with this study.

MR. BENOIT:

One final one, Mr. Chairman. The KOA construction by Airdrie - is that anything to do with ...

MR. DOWLING:

No. The Kampgrounds of America organization is American based. They are a franchise organization. We had a presentation some time ago by an Alberta fellow who was attempting to get this off the ground. It was not within the terms of the Alberta Opportunity Company and we suggested he go to the private sector for financing. KOA is a good organization. They do standardize their campground facilities. They offer a great many amenities which the camper really wants. We hope that in time the private sector of Alberta or Canada will get involved in their own organization of that kind.

MR. DIXON:

Mr. Chairman, just one quick question to the minister. About one year or 18 months ago there was quite a lot of activity between the tourism department, the department of the hon. Minister, Mr. Peacock and the opportunities fund. I was wondering if the minister is satisfied now that we have caught up in most cases with the tourist-oriented businesses which we needed to do at that particular time, or are there certain areas in Alberta where we can still have further growth as far as accommodation in the tourism industry is concerned?

MR. DOWLING:

Absolutely, Mr. Chairman, our estimates of a year and a half ago were that by 1980 we would need something like a 300 per cent increase in the tourist facilities offered to the travelling public. I don't think that figure was wrong. There has been considerable progress made towards this end.

Our view, like the Alberta Opportunity Company view, is that we must extend our tourist facility development into rural Alberta. I am pleased to see the new developments in the cities of Edmonton and Calgary, but beyond that we need first class development outside of the major centres in the lakeland country and Medicine Hat and anywhere outside of the national parks and the two major centres.

MR. DIXON:

I had in mind particularly, Mr. Minister, the Alberta tar sands. They are getting world-wide coverage and there is real pressure for accommodation there. I was wondering, what are we doing to encourage people to take advantage of the situation there, as far as tourism is concerned?

MR. DOWLING:

What we have done, I believe - I'm not just positive - but I think there is a man under the Department of Industry and Commerce in the area for that very purpose. That's correct. What we hope is that he will, in fact, stimulate some private developers to develop additional facilities.

MR. NOTLEY:

Mr. Chairman, just going back to the campground study, is it the government's intention once this study is completed to make it available widely throughout the province, especially through TIALTA?

MR. DOWLING:

Yes Mr. Chairman. At the moment it is our intention to do that. I would like to have a close look at the document when it is completed, along with the people of Travel Alberta to see whether, in fact, it will be of some use to the private sector. If it will be - and it will be an honest assessment - then it will be made available, but only if it's that kind of document. We've set out some terms of reference for that study. It could easily be of some considerable value.

MR. NOTLEY:

I take it that as far as private campgrounds are concerned, especially if they relate to campgrounds adjacent to water resources or provincial parks, they should be working quite closely with the Department of Lands and Forests, the Parks Planning Branch.

My question would be, what will you do in the case of private campgrounds? Will it be worked out on the basis of the request for proposals or how will a decision be made as to who would go into X resource area, for example, where it's only feasible in practical terms to have one campground?

MR. DOWLING:

Yes, our concern, and of course the reason, Mr. Chairman, we started the study in the first place, was that some of the private sector people have become involved in campground facilities that were located very close to a facility operated either by the Department of Highways and Transport, the Department of Lands and Forests or the Department of Culture, Youth and Recreation. So in cooperation with those three departments, as well as the Department of Industry and Commerce, we hope to develop something which will indicate where these facilities should be built. I would imagine that a request for a proposal would be considered.

Some of the most recent developments in campground facilities are extremely good and I think they will make out. There are some others that are just having a very bad time and only because of a lack of planning in the beginning. I hate to be critical, but they didn't take the time to really look at what was involved in a campground. It wasn't a 120 day season, as I said, and it cost a great deal more to develop than just \$150 per site.

MR. NOTLEY:

Mr. Chairman, I just have two other quick questions.

One, I take it that in this particular appropriation there is a grant, is there, for the operating expenses, or at least part of the operating expenses of TIALTA? Do we in any way fund them directly or indirectly for their operational expenses? I'm not talking about specific programs where we work together with them, but in terms of their actual operating expenses.

MR. DOWLING:

Yes, Mr. Chairman, that figure, I believe this year, is \$35,000 for the total year. That's an administrative amount of money that pays for their staff and all the administrative expenses.

MR. NOTLEY:

My final point, Mr. Chairman, relates to the world's fair at Seattle. I'm wondering what expenditures we're going to make this year at Seattle and whether or not ...

AN HON. MEMBER:

Spokane.

MR. NOTLEY:

... Spokane. I'm sorry. What expenditures do we anticipate this year to encourage people to come to Alberta? I think the minister's point is well taken, that there is a good deal of concern in the United States about the present gasoline shortage. That makes Canada as a whole an awful lot more attractive. So I'm wondering, just what we do plan to spend during the world's fair?

MR. DOWLING:

I should correct that last figure. I think, if I'm not mistaken, the total administrative amount was \$35,000 - but it's \$2,000 for the TIALTA organization.

With regard to Expo Spokane, that is under the Bureau of Public Affairs. The minister responsible for that is the Minister of Culture, Youth and Recreation.

Our philosophy regarding Expo Spokane is this: if we really are to be successful in Expo Spokane and can convince some of the 5 million or so people who will be going to Expo Spokane to come that 90 miles further and see Alberta, we must do it before they leave their homes. So our accent is on the California, San Francisco, Los Angeles areas, this kind of thing. We feel they have to be convinced that Expo Spokane is great, and also, Alberta is greater. So come to Alberta.

MR. NOTLEY:

So a very large portion of the advertising budget that we're spending in the United States this year is going to be directly spent in those states where the bulk of the people will be going to Expo Spokane?

MR. DOWLING:

Right. What we've done, Mr. Chairman, is pull back from the southern states where we normally had a presence. We've pulled back from that and, as I've said, we still have a presence in the California area. We do have an office in Los Angeles under the Minister of Federal and Intergovernmental Affairs. We have a staff member there. And in a line straight across from Los Angeles to Chicago we promote in the Minneapolis-St. Paul area, the Chicago area, across the line to Montana and in the California area. That's our American presence.

We believe that with the speed limit of 55 miles per hour and the shortage of gasoline people will gradually move up towards the border and travel across this country.

MR. SOFENSON:

Well, my questions have been partly answered, but people all across the United States are being encouraged to stay home and not travel extensively. I know that my relatives in California are saying there is a real push to keep them at home.

This is what the Governor of Minnesota is telling his people: "I would encourage all Minnesotans to strongly consider becoming more intimately acquainted with their own state instead of taking long-distance out-of-state driving vacations this year." And he goes on.

I'm just wondering, is American tourism holding up, or is it down?

MR. DOWLING:

Well, I think there will be some significant change. I'm not sure of the figure, but a great percentage of the traffic that comes into Alberta comes on rubber tires. The figure 95 per cent sticks in my mind, but that may not be correct.

There is no question that there will be a number of people who won't come to Alberta, but the American tourist, or the American people, are one of the most travelled people in the world. They are not going to stay at home. They are going to go and they are going to go at 55 miles per hour.

Our concern is that we don't waste money. So we pulled back from the South, concentrated our efforts on the North and utilized the extra money to promote Alberta to Albertans, to acquaint them with their province. So that is our theme this year: Let's do it, Travel Alberta.

MR. RUSTE:

Mr. Chairman, just a point of interest on the translation. I understood it was \$38,000 for translating it into three languages. How much of the material do you plan to translate, or do you have a special publication in that field for those countries?

MR. DOWLING:

No, they will be, Mr. Chairman, our major publication, and it costs between five and ten cents a letter. I think it is something like that - it's a very expensive procedure. In some cases, with regard to the Japanese, I believe we actually have to send the publication to Japan to have it translated. So they will be our major publications, not our map - but the lure piece, for example, our major 64 page piece, perhaps, and this kind of thing. It's something that has been a priority with us for some time, but because of fund limitations we had to leave it to this year.

MR. LUDWIG:

Mr. Chairman, in view of the fact that tourism and the Calgary Stampede are tied very closely together in this province, will there be some kind of delegation going from this government to Ottawa to see if they can switch the election date so they don't mess up our opening day? You should do that lest Eldon Woolliams beats you to it.

Appropriation 1414 agreed to: \$2,558,440

MR. HYNDMAN:

Mr. Chairman, I move the committee rise, report progress and beg leave to sit again.

[The motion was carried.]

[Mr. Diachuk left the Chair.]

* * * * *

[Mr. Speaker resumed the Chair.]

MR. DIACHUK:

Mr. Speaker, the Committee of Supply has had under consideration certain estimates, reports progress and begs leave to sit again.

MR. SPEAKER:

Having heard the report and the request for leave to sit again, do you all agree?

HON. MEMBERS:

Agreed.

MR. HYNDMAN:

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

[Interjections]

MR. HYNDMAN:

May I withdraw the motion with unanimous consent, Mr. Speaker?

HON. MEMBERS:

Agreed.

MR. HYNDMAN:

I move the Assembly do now adjourn until tomorrow morning at 10:00 a.m.

HON. MEMBERS:

Agreed.

MR. SPEAKER:

The House stands adjourned until tomorrow morning at 10:00 o'clock.

[The House rose at 10:25 o'clock.]

