

LEGISLATIVE ASSEMBLY OF ALBERTA

Title: **Thursday, May 7, 1981 2:30 p.m.**

[The House met at 2:30 p.m.]

PRAYERS

[Mr. Speaker in the Chair]

head: **INTRODUCTION OF VISITORS**

MR. JOHNSTON: Mr. Speaker, I'm very pleased to introduce some very special visitors to our province. Seated in the Speaker's gallery is the Governor of the Bank of Canada Mr. Gerald Bouey, a distinguished career civil servant who has served the Bank of Canada for over 30 years, has been the Governor of the Bank of Canada since 1972, and of course has also served as a member of the board of directors of the Federal Business Development Bank and the Export Development Corporation. Mr. Bouey is accompanied by Mr. Alec Keith, Edmonton representative of the Bank of Canada; Mr. Wayne Chevaldayoff, an advisor to the governor; and Mr. Nick Van Tonnegan of Alberta Treasury.

Mr. Bouey addressed a luncheon of financial analysts in our city and this afternoon will visit with the Premier. No doubt you can quickly guess the topic of conversation with our Premier this afternoon. Mr. Speaker, on behalf of members of the Assembly, would you please extend a very warm welcome to the governor and his visitors.

head: **PRESENTING REPORTS BY
STANDING AND SELECT COMMITTEES**

MR. KNAAK: Mr. Speaker, pursuant to Standing Order 83, I wish to advise that I have examined the petition for The Dental Mechanics Amendment Act, 1981, and wish to report that Standing Order 77 has been complied with.

head: **INTRODUCTION OF BILLS****Bill 41****The Alberta Educational Communications
Corporation Amendment Act, 1981**

MR. HORSMAN: Mr. Speaker, I request leave to introduce The Alberta Educational Communications Corporation Amendment Act, 1981. The amendments to this Bill will introduce what we hope will become a standard set of criteria for the appointment of directors of ACCESS and will make further changes to clarify the nature of the corporation.

[Leave granted; Bill 41 read a first time]

**Bill 209
An Act to Amend
The Surface Rights Act**

MR. R. SPEAKER: Mr. Speaker, I beg leave to introduce An Act to Amend The Surface Rights Act. This Bill

extends the period of time by which a landowner and the oil company can reach an agreement.

[Leave granted; Bill 209 read a first time]

head: **TABLING RETURNS AND REPORTS**

MR. KROEGER: Mr. Speaker, I wish to table two reports: one, the report of Pacific Western Airlines, 1980; the other, a departmental report of the Department of Transportation.

head: **INTRODUCTION OF SPECIAL GUESTS**

MRS. LeMESSURIER: Mr. Speaker, may I introduce to you, and through you to members of this Assembly, two visitors from that friendly country to the south, the United States of America: Mr. Angus Archer, the coordinator of the non-governmental liaison service in the United Nations; and accompanying him, Mr. Charles Lyons, the assistant director of the Mountain West Global Interdependence Conference to be held in Denver, Colorado, July 27 and 29. They are here on a speaking tour of the west. Mr. Lyons and Mr. Archer will then travel to a third-world development conference in Vancouver, B.C. They are in the members gallery, and I would ask that they receive the cordial welcome of the Assembly.

MR. KNAAK: Mr. Speaker, it gives me great pleasure today to introduce to you and my colleagues in this Assembly a grade 6 class from Duggan elementary school and their group leader Angie Klompas.

Mr. Speaker, I'd like to advise that last fall I had occasion to visit the school and meet the students during the award of the 75th Anniversary medallions. I can assure you that not only is it a fine school, it has great students. They are seated in the members gallery, and I would ask them to rise and receive the warm welcome of this Assembly.

MR. PAHL: Mr. Speaker, it's my pleasure today to introduce to you, and through you to members of the Assembly, 25 grade 6 students from Malcolm Tweddle school in Edmonton Mill Woods, accompanied by their teacher Mrs. Sharon Sommers. The class and Mrs. Sommers are seated in the members gallery, and I'd ask them to rise and receive the welcome of the Assembly.

MRS. CRIPPS: Mr. Speaker, it gives me a great deal of pleasure today to have a delightful class of grades 5 and 6 students from St. Anthony's school in Drayton Valley. They've come a long way and tell me they only had time to stop at McDonald's before they got here. They're accompanied by their teacher Zib Szatkowski; chaperones, Fran MacLellan, Iris Curd, Amy Blais, and Diane Balderson. They are seated in the public gallery, and I would ask that they rise and receive the welcome of the House.

MRS. CHICHAK: Mr. Speaker, it gives me pleasure today to welcome to this Assembly a class of 19 pre-vocation class 1 students from H.A. Gray elementary junior high school. They're accompanied by their teachers Mrs. J. Coutts and Mr. Doug Bahr. I'd like them to rise and receive the welcome of the Assembly.

head: ORAL QUESTION PERIOD**Energy Negotiations**

MR. R. SPEAKER: Mr. Speaker, my question is to the Premier. It relates to questioning we started last Friday and as well to the Jasper meeting that I understand has just concluded. Could the Premier indicate whether the energy strategy of the provincial government has been modified, as indicated that Friday, and if so, possibly the Premier or the minister may be able to indicate in general terms what those modifications may be.

MR. LOUGHEED: Mr. Speaker, the chairman of the energy negotiation task force for the government of Alberta is the Minister of Energy and Natural Resources, and I'll refer the question to him.

MR. LEITCH: Mr. Speaker, the question involved a request as to whether we've modified our position. As I say, we seem to need to go through this every day in the Assembly in question period. We simply can't be making public announcements as to our position with respect to the upcoming energy meetings. That includes answering questions as to whether we've modified them and, if so, in what way, by how much, and so on. We simply can't do that and carry on effective negotiations. I can inform the Assembly that we had a meeting extended over three days involving a number of ministers and senior officials of government, both from the departments involved and from agencies, and reviewed at length all the issues involved in what we've been calling the energy package.

I can't overstress the fact that those issues have now become much more complex than they were prior to October 28, because on October 28 the federal energy policies and the budget introduced a number of new concepts into the energy package or the energy issue: new forms of taxation, grants, new pricing. Because of what occurred on October 28, Mr. Speaker, the matter of the energy negotiations has become much more complex than it was prior to that date. We spent a good deal of time reviewing all those issues and a number of documents that had been prepared for us in relation to them. Of course all that review was done to enable us to be as well informed as one can be when we have the next meeting with representatives of the federal government.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the Minister of Energy and Natural Resources. I want to say that I respect that this government has chosen to negotiate in private. I'm not asking for detailed information in my questioning.

But in light of the new facts revealed by investigation at this point and in light of the new facts that been found because the federal energy policy has been in place, could the minister indicate at this time that the difference between Alberta and Ottawa is closer, further, or the same as it was a month ago?

MR. LEITCH: Mr. Speaker, I wouldn't be able to give any assessment at all as to how far we're apart or whether the distance apart has changed, either by shortening or lengthening, since the meeting of April 13. I think I can only add that during these meetings we have explored and no doubt will continue to explore all new approaches, all possible alternatives, because as members of the Assembly are fully aware, it has always been this government's intention to reach an energy package

agreement with the federal government, if we could do so on terms that Albertans would regard as fair and honorable.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the minister. When will the next meeting be held with the federal minister Mr. Lalonde? Has that been established at this point, and will it be as early as possible in May?

MR. LEITCH: Mr. Speaker, we've not established a date for the next meeting. At the conclusion of the meeting in Winnipeg on April 13, we had agreed to look toward a meeting the end of this month, not early in May as was indicated in the question but late in May. The federal Minister of Energy, Mines and Resources has been out of the country. I believe he will be returning shortly, and I expect that after his return we would then be able to discuss the time and place for a subsequent meeting.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the minister. Will June 30 or July 1 be a potential date for an interim agreement between the federal and Alberta governments, or at this point in time, in relation to the new facts revealed in this mystery meeting in the last week, does that date indicate it will take longer than June 30 or July 1 before an agreement is reached?

MR. LEITCH: Mr. Speaker, I don't know whether the other members of the Assembly had the same difficulty I did, but I got lost about halfway through the question. I wonder if the hon. Leader of the Opposition could rephrase it.

MR. R. SPEAKER: Mr. Speaker, a number of Albertans have been lost in the last week wondering what the government has been doing.

But to the minister. Is it possible to use June 30 or July 1 as a target date — I believe July 1 is when Esso Resources must make a decision as to their future. Will it be possible for an agreement to be reached at that time because of the new facts and new information the minister may have at his fingertips at this time?

MR. LEITCH: Mr. Speaker, there's no way I could predict when it might be possible to reach an agreement. I can't do anything more than outline the present circumstances. We had a meeting on April 13. I felt we had made some progress. Some new approaches had been discussed, but when reporting to the Legislative Assembly after that meeting, I underlined that that statement should not raise undue expectations, because a lot of miles had to be covered before we might reach an agreement.

The meeting we're looking forward to is merely one further step. I've no way of predicting what will occur at that meeting or as a result of the meeting. I certainly would not want to be tied in any way to saying an agreement can or can't be reached by any specific date.

DR. BUCK: Mr. Speaker, a short supplementary to either the Premier or the Minister of Energy and Natural Resources. Is either hon. gentleman in a position to indicate if the government has met recently with Alberta's federal members of Parliament? Have there been any discussions with the members of Parliament as to the problems of trying to settle the energy issue?

MR. LOUGHEED: Mr. Speaker, we keep a very close contact between our government and the federal members of Parliament from Alberta. We have a series of contacts. The last overall meeting that occurred between me and the federal members of Parliament was the very last days of February, I believe. But since that time, as is our customary policy, both I and other members of the government keep in contact with the members of Parliament from Alberta.

DR. BUCK: Mr. Speaker, a further supplementary to the Premier. Can the Premier indicate to the Legislature if the discussions that are going to be taking place between our Minister of Energy and the federal Minister of Energy, Mines and Resources are just the preliminary rounds, or is the decision as to an oil settlement going to have to be made by the Premier and the Prime Minister of Canada? Will that decision be made by the ministers responsible or the two leaders of government?

MR. LOUGHEED: Mr. Speaker, it's very difficult to predict. I believe the hon. Member for Clover Bar is aware that during the course of the '70s when the matter of oil pricing occurred, it was resolved in both ways. It was resolved on occasion between our respective ministers of energy, and on other occasions it involved first ministers. I really have no way of predicting that in the current set of complex circumstances.

DR. BUCK: Mr. Speaker, one further short supplementary to either the Premier or the Minister of Energy and Natural Resources. Can either gentleman indicate if there have been any recent meetings with the head of Esso Resources, which is developing the proposed Cold Lake plant, or the Alsands people? Have there been any discussions within the last month with the government and these two oil companies?

MR. LOUGHEED: Mr. Speaker, again, we keep in contact with numerous representatives of industry, and of course that would include representatives of the concern considering development of the Cold Lake project. The phrase "recent discussions" hasn't been used. I'd have to say that I don't believe there have been recent discussions if that is interpreted to be something within a matter of weeks. On the other hand, contact has been fairly steady and will continue to be so with the decision-makers involved in developing the Cold Lake project.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the Premier. I was going to address this to the Minister of Municipal Affairs, but I'd like to direct it to the Premier. It's with regard to spending an allocation of funds in the Cold Lake area at the present time. In our tally of public statements in the area and commitments by government, nearly an additional \$90 million is being spent in various programs, and I could list those for the Premier. Under the circumstances, where it is doubtful whether Esso Resources may go on stream at the present time — Esso Resources may terminate as of June 30 — would the Premier be reviewing those expenditures in the area of Cold Lake, or would they progress as announced up to this point in time?

MR. LOUGHEED: Well, Mr. Speaker, I think the details of that question would more appropriately be considered during the course of the estimates of various departments, but perhaps the Leader of the Opposition is

raising a rather general question of policy.

The position the government has taken in meeting with the representatives of the community — and we held a meeting with them, in Government House, I believe on December 8, with the MLA from the constituency. We informed them at that time that, having regard to the Ottawa energy proposals of October 28, it appeared likely there would be an indefinite delay in that project.

We recognized that in certain areas, but not in all areas, action had been taken by the community in a number of different ways in anticipation of the project. Expenditures had been incurred by municipal government in anticipation of the project, which would not otherwise have been incurred. We gave an overall policy undertaking to respond to the communities involved by recognizing that situation. That leads to the nature of the expenditures, or the proposed appropriations would be better phraseology, that I believe the hon. Leader of the Opposition refers to. That's the general position. If there are specifics, I would suggest that perhaps in the course of the estimates we could resolve them or attempt to answer them.

MR. SINDLINGER: A supplementary please, Mr. Speaker, to the Minister of Energy and Natural Resources. In regard to another meeting between the provincial minister of energy and the federal minister, was any arrangement made at the last one as to which party would call or convene such a meeting? Will it be at the initiative of the provincial government or at the initiative of the federal government?

MR. LEITCH: Mr. Speaker, no specific or firm arrangements were made in that connection. I would expect to be in touch with the federal minister shortly after he returns to Ottawa.

Emission Standards — Coal Dust

MR. R. SPEAKER: Mr. Speaker, my second question is to the Minister of Environment. It's with regard to a pollution concern in the area of Coleman. Could the minister indicate what plans are being taken under consideration with regard to the coal dust fall in the area, in light of the fact that the Department of Environment has monitored the situation? Some 88 tons per mile per month have dropped on the area, where the maximum within the regulations indicate that only 15 tons per square mile per month should fall on the area. I wonder if the minister has examined that situation, and what is going to be done?

MR. COOKSON: Yes we have, Mr. Speaker. We have close consultation with the Member for Pincher Creek-Crowsnest, and he has advised me of this problem. At the present time we have Coleman Collieries under a certificate of variance which permits them to exceed the normal emission requirements and, so far as I know, that's where the situation is at this time.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the hon. minister. What is the length of term of the certificate of variance? Has the company a limited amount of time to bring the situation under control, or is it an open-ended type of contract?

MR. COOKSON: I couldn't respond to the exact period of the certificate of variance. It has a limitation, so it is

not an open-ended certificate as suggested by the member.

There is a particular problem in that area because of the slag piles. I guess one has to make a judgment as to whether we wish to leave those unsightly piles in the general area for life or to make some attempt to clean them up. The company came forth with a proposal and, in consultation with the member in the area, we concluded that, all things considered, it was best to proceed and attempt to do this. If the dust situation or particulate emissions become difficult for the residents of the area, we would certainly take action.

MR. R. SPEAKER: Mr. Speaker, to the hon. minister. Have any directions been given to the officials of Coleman Collieries by which the amount of dust fall could be reduced at the present time?

MR. COOKSON: Not so far as I know, Mr. Speaker. I have had no direct communication with regard to it being a major problem at this time, but perhaps that's forthcoming.

RCMP Contract

MR. BORSTAD: Mr. Speaker, my question is to the hon. Solicitor General. I wonder if the minister can advise the Assembly if there has been any further discussion with the federal Solicitor General on RCMP policing costs for the province?

MR. HARLE: No there hasn't, Mr. Speaker.

MR. BORSTAD: A supplementary, Mr. Speaker. Can the minister advise if he has any idea when these decisions will be made or when the meeting will be held?

MR. HARLE: No I can't, Mr. Speaker.

MR. BORSTAD: A supplementary, Mr. Speaker. This year did all the municipalities get the number of RCMP they requested?

MR. HARLE: Mr. Speaker, I believe that as of last year the municipalities did get most of their requirements. Of course we're into the new period now, and I believe that the RCMP have worked out their needs and that is in the process of going through the regular procedure that eventually winds up on the Treasury Board desk in Ottawa.

Drilling Rig Safety

MR. MANDEVILLE: My question is to the hon. Minister responsible for Workers' Health, Safety and Compensation. Does the minister have any statistics which would indicate whether there's been an increase in the number of injuries [reported] to the Workers' Compensation Board as a result of drilling rig and service rig accidents?

MR. DIACHUK: Mr. Speaker, a report is tabled annually, and I am advised that the Workers' Compensation Board is in the final stages of compiling the statistics. I will be tabling them in the Legislature when I receive them.

MR. MANDEVILLE: A supplementary question, Mr. Speaker. Could the minister indicate whether the gov-

ernment plans to increase the number of inspectors hired to inspect rigs for safety?

MR. DIACHUK: Mr. Speaker, the approach to the increase of staff will be dealt with when my estimates are dealt with in the very near future, and I would be prepared to answer it at that time. I covered the program of inspection of oil rigs last year when we reflected on the recommendations of the Sage report. For the past year we had an increase of one specialist in the oil field inspection service.

MR. MANDEVILLE: One further supplementary question, Mr. Speaker. Could the minister indicate what follow-up procedures the inspectors have to see that their orders are followed, as far as safety is concerned on the rigs?

MR. DIACHUK: Just continuous, routine inspections without any notice.

Interest Rates

DR. BUCK: Mr. Speaker, my question is to the Minister of Housing and Public Works. It concerns the situation faced by Albertans who are renegotiating mortgages at the present interest rate. Is the minister in a position to indicate to the House if many Albertans are having problems, facing financial strain because of the renegotiation of their mortgages?

MR. CHAMBERS: Mr. Speaker, I have no specific statistics in regard to that. However, I would point out to the hon. member that of course we have been addressing the question of supply in Alberta. As members know, last year we financed over 8,000 through the family home purchase program, and over 6,000 through the core housing incentive program: an investment of over \$1 billion. If you include as well all the units built by the Housing Corporation for the disadvantaged, we're looking at about 20,000 units, which is certainly more than half of all housing construction in Alberta, and with a budget of over \$1.25 billion dollars. So we're addressing that problem of affordability in a very major way.

DR. BUCK: Mr. Speaker, I'd like to compliment the minister. When you don't want to answer a question, just keep talking.

AN HON. MEMBER: Order.

DR. BUCK: Well, that's all he did.

More specifically to the minister responsible for the Alberta Home Mortgage Corporation. Is the minister in a position to indicate if he has any idea how many people who have mortgages with this corporation are just walking away from their mortgages?

MR. CHAMBERS: Very few, Mr. Speaker. In fact the foreclosure rate in Alberta through the corporation accounts is very, very low. I would perhaps add that an assessment we did about a year ago showed that the average individual with a five-year term, in addition to appreciable capital assessment in their property, their income had risen such that they were even more able to afford the payments than they were when they first took out the term. Of course there are undoubtedly people who have one-year terms who are in more difficulty.

There's no question that the federal policy of high interest rates and high inflation is regrettable. It has an adverse impact on the economy of this entire country. Last year the federal minister indicated that they were considering something to help alleviate this problem, but nothing happened. I would suggest that they should consider the consequences of the national policy in terms of high interest rates and inflation, and perhaps readjust their priorities.

MR. ZAOZIRNY: A supplementary question, Mr. Speaker. Could the minister advise whether some studies have been undertaken by his department to determine whether or not in fact high interest rates, rather than reducing inflation as is intended, may in fact be fuelling inflation?

MR. CHAMBERS: Monetarists look at two sides of the question. The one side considered by many is that these interest rates are compounded into the cost of the property and therefore add to the cost of the structures. That's certainly a fairly widely held point of view.

DR. BUCK: Mr. Speaker, a supplementary question to the Minister of Agriculture. Can the minister indicate if he is monitoring the effect that high interest rates have on the farmer who is borrowing through guaranteed loans?

MR. SCHMIDT: Mr. Speaker, last night we had the opportunity to review with the Agricultural Development Corporation funding as it pertains to the agricultural industry within the province. Recognizing that the high interest rates are of course directly involved in the input costs to the agricultural industry and have to be carried on to the end product and eventually to the consumer as well, the province has challenged, and will continue to challenge, those areas of long-term funding as it affects our agricultural industry in both our beginning farmer and those who have difficulty qualifying for funding through the normal lending agencies. In other words, the beginning farmer program and the lender of last resort aspect of the Agricultural Development Corporation will continue.

Because of the estimates we have just finished, all hon. members are current that last year alone in excess of \$150 million was injected into the agricultural industry in an investment in both the industry and our young people, mainly beginning farmers. The area that has been shown to be of greatest importance to the agricultural industry, to the Ag. Development Corporation of course, is the ongoing operating cost of all farmers in agriculture. Those applications differ no less to the other lending agencies and ADC.

After some four hours last night, I think the discussions came to the conclusion that interest rates, not unlike stabilization, because it is part of an input cost and affects the basic commodity — in other words, we sell in a national market; therefore we all recognize that perhaps an influx of interest, or the saving of interest, to the agricultural industry should be done on a national base, recognizing that it is part of the basic input cost.

MR. MANDEVILLE: A supplementary question to the minister, Mr. Speaker. I'm thinking of the guaranteed loans that were established, say, in '73, when they were paying in the neighborhood of 8 or 9 per cent interest rates, where now they're paying up to 19 and 20 per cent. In their discussions last night, was any consideration

given to giving any relief to the farmers who had these guaranteed loans in the past?

MR. SCHMIDT: Mr. Speaker, the basic interest rate in the Ag. Development Corporation as it exists today is 12 per cent. The subsidized rates for beginning farmers go as low as 6, and the two staged programs of 9 and 12. The interest rates as they pertain to past guaranteed loans at a lower rate — at today's rate, we feel we have no problem in regard to some of the guaranteed borrowings, recognizing the history in regard to farm lending and that for ADC repossession because of non-payment is slightly less than 1 per cent.

MR. SINDLINGER: A supplementary, please, Mr. Speaker, to the Minister of Federal and Intergovernmental Affairs. Today the minister introduced Mr. Bouey from the Bank of Canada. I wonder if he took the opportunity to make representations to that gentleman in regard to the high interest rates?

MR. JOHNSTON: Mr. Speaker, I haven't had a chance to meet with the governor, but of course the Premier will meet with him this afternoon. I'm sure that topic will be a major focus of their discussion.

DR. BUCK: Mr. Speaker, a supplementary question to the Minister of Agriculture. The minister's snowing the farmers of this province, because he doesn't seem to be showing any concern. [interjections] I don't mean the snow in southern Alberta that we need, but snowing them in this Legislature.

After his discussions with ADC, is the minister in a position to indicate what representation has been made by farmer borrowers who have guaranteed loans, to convert to direct loans from AOC? Because they can't keep paying those 20 per cent plus interest rates. The minister says they could remain competitive. They would have a competitive advantage if we used the Heritage Savings Trust Fund to subsidize the interest.

SOME HON. MEMBERS: What was the question?

DR. BUCK: The question was if the minister's in a position to indicate how many farmers are requesting to change their loans from guaranteed loans from banks to direct loans from ADC.

MR. SCHMIDT: Mr. Speaker, of the total of all applications to the Agricultural Development Corporation for loans over the last 12 months, and the funds that were expended, recognizing that a program of consolidation also exists under the lender of last resort for those who collectively find that the interest rates are far beyond their capability from a repayment point of view — recognizing that opportunity that the majority of all of the loans were beginning farmers, and the applications for refinancing were limited.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. Could the minister indicate whether, after discussions last evening, there is any consideration of a broader loan to farmers which would envisage easier access to money through ADC, along with an interest rebate program?

MR. SCHMIDT: Mr. Speaker, last evening we had the opportunity to review the programs that exist, to evaluate

the programs themselves to see whether they are achieving the aim and goals for which they intended, and to discuss some areas where perhaps programs which do not already exist may give us the opportunity to look at areas where some minor changes in those existing programs may be more encompassing than those that exist.

MR. MANDEVILLE: A supplementary question. In the discussions last night, Mr. Speaker, did the minister discuss the possibility of making ADC not the lender of last resort, so that more loans could be made directly, instead of the guaranteed loans?

MR. SCHMIDT: Mr. Speaker, until the changes last year to the beginning farmer approach, the philosophy of ADC has always been a lender of last resort. There was no discussion as to any change in that direction.

MR. PAHL: Mr. Speaker, my question is to the hon. Minister of Housing and Public Works, and it turns out to be supplemental to the one placed by the Member for Clover Bar. In view of the minister's proper concern for the high interest rate policy of the federal government which, I can advise, is causing problems in Edmonton Mill Woods with respect to mortgage renewals at 17.5 per cent, has he made any representation with respect to the high interest rate policy to the federal government, or perhaps even to the Governor of the Bank of Canada?

MR. CHAMBERS: Mr. Speaker, as a matter of fact, I attended a conference of the Urban Development Institute this past Monday. I had occasion to speak to them and with them and participate in a very enjoyable panel discussion. The federal minister was there, and I think I expressed my point of view quite clearly. I'm quite confident he got our message.

MR. LOUGHEED: Mr. Speaker, perhaps I could supplement the relatively general question by the Member for Edmonton Mill Woods with regard to the government's view of the matter of interest rates, and recall a number of circumstances in which this subject has been discussed in this Legislature; first, at some considerable length in the fall of 1979 with ministerial statements of that time made by the Provincial Treasurer who, regrettably, is out of the province today on other business; secondly, discussions of this matter that we held at the last two western premiers' conferences, the one in Lethbridge a year ago and the more recent one in Thompson, Manitoba, where the general concern was expressed that the matter of high interest rates seems to bear more heavily and with more difficulty upon the parts of the country, that are in a growth situation, such as we in western Canada are or at least had been until October 28, and where our growth to a very large degree depends upon sustaining a high level of investment.

In short, Mr. Speaker, it appears to me, and will be my submission to the federal government and to others who are involved, that the whole matter of high interest rates does not bear evenly across Canada, and to continue to press the view to the federal government, for at least the 10th time, that one way in which we could improve the overall position of our country — hence the pressure upon our economy, the inflationary pressures, and therefore the interest rates, and to find ourselves less involved in following the interest rates in the United States as precisely as has been the policy in the past — is, as mentioned in this year's budget speech, to reassess in a

co-operative way with the federal government the whole question of natural gas exports, and to develop a pricing, supply, and requirement policy that could markedly change — and I think the anticipation would be significant from the outset — the balance of payments difficulties faced by Canada which, in my judgment and in the judgment of my colleagues, have a very significant effect on Canada's economic position and, hence, monetary policy.

MR. GOGO: A supplementary question, Mr. Speaker, to the Minister of Housing and Public Works, and this impacts directly on the interest rate question. Recognizing that mortgage payments are made out of pre-tax income, could the minister advise the House if he has asked his counterpart in Ottawa to consider the tax deductibility of mortgage payment interest from income for Albertans?

MR. CHAMBERS: Mr. Speaker, no. Then again, for the past year or so the provincial ministers have been trying to arrange a meeting with the federal minister. In fact I think the last meeting between the provincial and federal ministers was about three years ago. We expect that one might be held in the not too distant future, which would give every provincial minister a chance to discuss that and other housing topics.

Emission Standards

MR. COOKSON: Mr. Speaker, I regret that the Member for Spirit River-Fairview isn't here this afternoon, because I wanted to give him a lecture on emission standards. Rather than do that, I would like to clarify some of the questions asked yesterday. I have before me a standard which is set by national air qualities across Canada. It deals with sulphur dioxide, suspended particulates, carbon monoxide oxidants, which are ozone and nitrogen oxide. These standards are basically set right across Canada. The province of Alberta is second to none of the provinces in terms of these standards.

The questions asked yesterday had to do with Suncor and Syncrude and with an adjustment between the half-hour and the one-hour measures. Under The Clean Air Act, the minister has the authority to adjust these rates. Under that section we generally agreed we would eliminate the half-hour standard, which is not required on the Canadian standards. Generally the procedure in setting rates is to determine in terms of efficiency and economics what the plants can practically keep down to a maximum in tons per day. Based on that, through computers we can calculate what the rate should be. This takes into consideration the height of the stack insofar as those standards are concerned.

So in answer to those questions raised yesterday, perhaps I can just refer briefly to them. The question was asked whether the half-hour regulation, which has been eliminated, applies to all Alberta industry and not just Syncrude. I can answer yes to that. Secondly, in addition to what was said yesterday, there never was an environmental effect basis for the half-hour regulations. It was never laid down by Canada. We used it, but we reverted to what is recommended. I might note in passing that Saskatchewan has even gone to the one-hour standard. The elimination of the half-hour regulation was in keeping with the approach being adopted on a national basis.

I'd like to conclude by saying that it's interesting to note in the records we've kept from 1978 to 1980, by

using monitoring stations, that in the case of Syncrude, using the half-hour standard, emissions were 0.2 per cent. When we reverted to the one-hour standard for SO₂, it went up as high as 0.5 per cent. In fact I challenge the Member for Spirit River-Fairview on that basis alone. The one-hour standards are just as restrictive, if not more so, than the half-hour standards.

In the case of Syncrude there are five monitoring stations. These report regularly, and the one-hour reading is pretty well consistently equivalent to or better than the half-hour reading. In conclusion, there's no relationship between these standards and certificates of variance.

ORDERS OF THE DAY

MR. SPEAKER: May the hon. Minister of Hospitals and Medical Care revert to Introduction of Special Guests?

HON. MEMBERS: Agreed.

head: INTRODUCTION OF SPECIAL GUESTS (reversion)

MR. RUSSELL: Thank you, Mr. Speaker. I hope they're there.

I'd like to introduce to you, and through you to the members of the Legislature, a grade 8 class from the Milton Williams school in the Calgary Elbow constituency. They're accompanied by Mrs. M. Sorenson. I should mention that the class contains Linda Stevens. Her grandparents' little boy Greg sits down here as the Member for Banff-Cochrane.

If the students are here, would they please rise and receive the welcome of the House.

MR. HORSMAN: Mr. Speaker, with regard to the questions and motions for returns, in the absence of the Member for Spirit River-Fairview I assume that motions and questions would stand and retain their places unless somebody else has been asked to deal with them.

MR. SPEAKER: Does the Assembly consent to the proposal made by the hon. Deputy Government House Leader?

HON. MEMBERS: Agreed.

MR. SPEAKER: It is so ordered.

MR. HORSMAN: That would apply to the two questions. With regard to other motions for returns, before making the motion I would ask whether the hon. Leader of the Opposition is prepared to make the amendments.

Very well. I then move that motions for returns 125A and 126 stand and retain their places on the Order Paper.

[Motion carried]

head: MOTIONS FOR RETURNS

117. Mr. R. Speaker moved that an order of the Assembly do issue for a return showing:

- (1) With respect to every provincial government grant

to native organizations and projects approved in the fiscal year 1979-80,

- (a) the recipient of each grant,
- (b) the amount of each grant, and
- (c) the proposed use of each grant;

- (2) With respect to every provincial government grant to native organizations and projects approved in the fiscal year 1980-81,

- (a) the recipient of each grant,
- (b) the amount of each grant, and
- (c) the proposed use of each grant.

MR. R. SPEAKER: After "year 1979-80" and after "year 1980-81", I would add "from the Department of Native Affairs" as an amendment so it is more specific.

[Motion as amended carried]

MR. R. SPEAKER: I move the following as a substitute for Motion 118:

In Alberta as at March 31, 1981, list:

- (1) all approved projects for hospital construction or renovation,
- (2) the ... status of each project,
- (3) the description and estimated cost of each project,
- (4) the change in the number of beds ... resulting from each project.

I would like to mention, Mr. Speaker, that this was redrafted in consultation with the Minister of Hospitals and Medical Care.

MR. SPEAKER: That should certainly give it a great element of respectability. [interjections]

DR. BUCK: Mr. Speaker, that is very debatable.

MR. SPEAKER: However, may I respectfully suggest that it might be of assistance to the table staff and perhaps to myself if changes of this kind to motions which are on the Order Paper might be received a little ahead of the opening of the afternoon sitting. It's rather difficult to assess the impact. Presumably they're all in order, especially with such illustrious attention, but it is convenient to be able to look at them ahead of time.

[Motion as amended carried]

123. Mr. R. Speaker moved that an order of the Assembly do issue for a return showing:

- (1) the total cost to the province of the hog marketing review committee report,
- (2) the fees paid to each member of the committee,
- (3) the expenses of each member of the committee, including a breakdown by accommodation, meals, transportation, hospitality, and supplies.

[Motion carried]

124. Mr. R. Speaker moved that an order of the Assembly do issue for a return showing the total cost of the province of Alberta's share of the joint advertisement of the position of the eight premiers opposed to the patriation of the constitution.

MR. McCRAE: Mr. Speaker, I want to move a small amendment to Motion 124. This side of the House is always interested in responding to the motions opposite and clarifying information or getting information out

which is of interest to the public. If we were to accept 124 the way it is worded right now, it would be a nil return and no information would go to the public.

The words I find troublesome, Mr. Speaker — and I'm sure they were innocently prepared by the Leader of the Opposition or his staff, and they had no intention of really trying to establish in the public mind that there were premiers of the provinces of Canada who were opposed to the patriation of the constitution. So I would like to move that we delete the words "of the eight premiers opposed to the patriation of the constitution". I have copies of the proposed amendment for you and other members.

I would like to make a couple of comments. As I said, I'm sure the words I find offensive and have asked to be deleted are innocent of any intention of the suggestion that is in them; that is, that some of the premiers would willfully oppose the patriation of the constitution. Through the leadership of our Premier, this government has striven for years to assure that the constitution can be brought back to Canada in a form that respects the federal nature of our system, respects the rights, privileges, prerogatives, and authorities of the provinces, and respects the federal jurisdiction as presently established by the British North America Act and other complementary statutes. It would also deny the effort that went into the April 16 meeting of eight premiers who met in Ottawa and, in a spirit of compromise, came to an agreement as to a basis on which the constitution could be patriated to Canada.

If all others think back to that historic occasion and the remarks over radio or television in which the premiers set forward their concept of a Canada that would reflect the British North America Act and the constitution as we know it now, rather than the unilateral approach to patriation of the constitution that we see by the Prime Minister and his Liberal government in Ottawa; if we hark back to that moving moment when the eight premiers took their pen and signed the accord, the moving moment when the Premier of Prince Edward Island, that tiny, tiny province, sat with the eight other premiers and agreed with them that all provinces should have equality, that there should not be first-, second-, and third-class provinces — indeed the eight agreed to a basis for a return of the constitution with an amending formula to be decided in Canada, not in Britain, not unilaterally in Ottawa, but in Canada in a spirit of agreement and compromise between premiers and federal representatives.

The amendment I would like to make is to delete the words I have referred to and substitute instead — and apparently this is the information the members are interested in having — the words "of the eight premiers who presented to the federal government their accord — the Canadian patriation plan and a Canadian amending formula". With that deletion and substitution, Mr. Speaker, I urge that all members support the amendment suggested.

MR. KNAAK: Mr. Speaker, I too would like to speak to the amendment. I too am concerned about the wording in the proposed motion, and I don't understand its purpose. It says, "eight premiers opposed to the patriation of the constitution". As it reads, it would be a meaningless motion because no eight premiers are opposed to patriation.

But my real concern — and my colleague who just introduced the motion was quite generous and said the

way this motion showed up must have been an oversight, an error by the staff or some other error. Or is it in fact an attempt to mislead Albertans? I don't know the answer, and I really would like to hear from the Leader of the Opposition how this untrue statement got into this motion.

In fact, Mr. Speaker, not only did the eight premiers have a patriation plan, they formalized the patriation plan with an amending formula executed in public, signed by all eight premiers: an historic event, where three of the Atlantic provinces, the important province of Quebec, and all four western premiers executed this document. And someone is suggesting the eight premiers don't have a patriation plan are opposed to patriation? That's untrue. They are in favor; that's what the whole thing is about.

The other thing I would ask in this discussion of the amendment — and something I'd like to remind the House of — is that it was a Social Credit government, of which the hon. Leader of the Opposition was part of the cabinet, which agreed to the Victoria formula which would permanently and in perpetuity reduce Alberta to a second-class province. Not only did our Premier and the other seven agree to a patriation formula; we had an amending formula that would assure equal and fair status for Alberta within Confederation. I really would like to know from the Leader of the Opposition whether he supports the eight premiers in Canada, who represent 80 per cent of the provinces and well over 60 per cent of the population, or whether he supports Mr. Trudeau's unilateral patriation plan, which turns Alberta into a second-class province.

MR. COOK: Mr. Speaker, I'd like as well to speak in favor of the proposal of the hon. minister. I too am a little dismayed to see the motion on the Order Paper, which is basically negative and suggests this government is not positively proposing an alternative to the Trudeau package. I too would like to suggest that the Socreds are continuing their knock-knock routine, and I'm not sure Albertans have any interest at all in answering the door. Albertans don't tend to respond at all to naysayers.

The eight premiers have accomplished a great deal. In a spirit of compromise and in a spirit that reflects the true diversity of the country, they've come to a compromise package in the constitutional accord signed in Ottawa. Mr. Speaker, that constitutional accord does provide for a patriation package; it does provide for a workable amending formula; and it does reflect the federal nature of the country because it allows diversity, something Mr. Trudeau in Ottawa does not seem to understand. I'm a little dismayed that we have, in the Leader of the Opposition, closet Liberals and naysayers in our Assembly.

Mr. Speaker, one final point: the other leader of the Social Credit Party, the former mayor of Calgary, was fairly active in the Liberal Party and, as recently as the last election, was stumping for Mr. Jack Horner.

DR. BUCK: A former Conservative.

MR. COOK: I would be really interested in knowing whether the Social Credit Party is supporting the Trudeau package.

MR. R. SPEAKER: Speaking to the amendment, Mr. Speaker, it certainly gave some of the government backbenchers the opportunity to say a few words today and put their positions on the record. I think it's important

for them to do that once in a while, and to show they're still behind their Premier. [interjections] Somewhere along the line he has said, you've got to say something. So they get up and say a few things, and I guess they've done that again.

DR. BUCK: The puppet strings have been pulled, so they open their mouths. [interjections]

MR. R. SPEAKER: My colleague knows very well how to describe that; however, I won't go into that detail.

I know they're a little sensitive that Albertans are starting to say, what's this government really doing? They keep wanting to negotiate behind closed doors and say they're going to come out with some great successes in energy and the constitution. We've lost the constitutional debate; we're finished. Alberta hasn't done its job. We talk about eight premiers in accord. Sure they are, but you can have an accord and no progress.

As far as the rest of Canadians, we're in deep trouble at present. I'd say the confrontation of the last 10 years by this government has led us to that position. The Ottawa ear just turned deaf. That's what happened to Alberta: we got a little too arrogant and thought we had the world by the end and had billions sitting in the bank and could do all these kinds of things. That's why this government is now trying to make a lot of noise: to look like they're going to rally the forces again. Well, they have a lot of rallying to do before they ever reach success.

In Ottawa, when there was the opportunity to make representation on the constitution in the committee, the Minister of Federal and Intergovernmental Affairs could have said directly to Liberals in Ottawa, this is where we as Albertans stand; this is the position of the Conservative Party in Alberta. We never saw them in Ottawa; hardly heard from them. It's been months since anything has been said to Ottawa about the constitution.

So here we are, arguing over words at present. I know the government has to say a few things to defend their position and try to make it look good. But Albertans are finally finding things are different. In the amendment we're speaking about, most likely the word "unilateral" would have been sufficient to clarify the matter. It was not my intent to make this little political whirlwind that occurred. I felt the eight premiers were very opposed to unilateral patriation of the constitution. As House leader of the Socred Party — our caucus and our party as a whole was against that move by the Prime Minister and certainly in no way endorse it; and support the eight premiers that they as well were saying together, we're opposed to unilateral patriation of the constitution. Maybe that word would have been sufficient. As a whole, though, I think we'll accept this amendment and make the government feel good today, because it's all right to do that once in a while.

MR. KNAAK: Mr. Speaker, on a point of order, I just wonder if the Leader of the Opposition answered the question whether the error was inadvertent and sloppy or intentional.

MR. R. SPEAKER: Mr. Speaker, I know the hon. member hasn't too much to do and wants to be critical about little fiddling things like wording of resolutions. [interjections] That's about all he has time to do. He's so far away from his constituents that he hardly has time ... He gets few letters, and there are few issues, so he has to worry about missing a word or suspecting us as an

opposition of intentionally doing something like that. Well, Mr. Speaker, we wouldn't do that.

MR. KNAAK: On the point of order. Mr. Speaker, I don't think you would disagree with what I'm saying. On this matter of the constitution, which is one of the most important facing Alberta, it has been extremely difficult to communicate to Albertans what in fact is happening. A miscommunication of this sort is not very helpful to the issue. It is important that matters be done accurately, and the point of order to know whether it was intentional or inadvertent was important.

MR. KING: On the point of order, Mr. Speaker. Perhaps the hon. Member for Edmonton Whitemud missed the final comment of the hon. Leader of the Opposition. He admitted that it was sloppiness and not deliberate. I think that answers the hon. member's question.

DR. BUCK: Mr. Speaker, we've abused the rule of the point of order. I would just like to make one very small point. All we wanted to know was the advertising cost to the people of Alberta. That's all we wanted to know.

[Motion as amended carried]

MR. SPEAKER: Might the hon. Member for Athabasca and Deputy Speaker revert to Introduction of Special Guests?

HON. MEMBERS: Agreed.

head: INTRODUCTION OF SPECIAL GUESTS (reversion)

MR. APPLEBY: Thank you, Mr. Speaker. It's my special privilege this afternoon to introduce something like 140 grades 5 and 6 students from Meadow Lake, Saskatchewan. They are on a visit to Alberta. They come here every two years — not the same students but the same class level. Accompanying them are a number of staff members and their principal Mr. Emile Arraf, who used to be a colleague of mine at Athabasca high school. I ask them all to stand in both galleries and be welcomed to our Alberta Assembly.

head: MOTIONS OTHER THAN GOVERNMENT MOTIONS

DR. BUCK: Mr. Speaker, in rising to lead off debate on this motion this afternoon, I will try to be as brief as possible. I am sure there are members who would like to enter debate.

First of all, I'd like to make one very, very important point. The purpose of the resolution I have on the Order Paper this afternoon:

Be it resolved that this Assembly urge the government to ensure parent choice in education by establishing a system of vouchers which will enable 100 per cent of the per capita pupil grant to follow a child to the school of his parent's choice, providing that the school operates within the provincial school system.

I want the point made very, very clear: this is no intention on my part as to a debate between the merits of the public school system versus the separate school system

versus the private school system. The Minister of Education indicated he is considering looking at a pilot project utilizing the voucher system. Also, I feel it's an opportunity to start debate on one of the most important reports I have had the opportunity of looking at: the Kratzmann report, called *A System in Conflict*, a report to the Minister of Labour by the fact-finding commission which basically tries to indicate to us as legislators, to educators, to pupils, and to taxpayers what we think are some of the short-comings in our educational system.

The purpose of this resolution is to stimulate the thought of this Assembly. Because we in this Assembly, through the Minister of Education, are the final judges. Through legislation and funding of education, we are the final directors of where education goes in the next decade or maybe even further. We are asking input from members of the Assembly, from the Alberta Teachers' Association, from the Alberta School Trustees' Association — all concerned educators — and most importantly, from the parents of children in our system.

Mr. Speaker, at times I will be quoting the Kratzmann report. First of all, on page 3:

The Primacy of Instruction

The Commission has been guided by a number of important educational premises which refer to such matters as the provision of good quality educational programs and services, equality of educational opportunity for all, and the democratic rights and responsibilities of parents, pupils, teachers, administrators and government. However, one central notion, the critical classroom interaction between teachers and students which we describe as "the primacy of instruction," has emerged in the course of this investigation as the most significant element in educational activity.

Mr. Speaker, it goes on to quote a local Calgary newspaper, *The Calgary Herald*, July [3]:

What happens when a teacher meets his class is the primary act of education. Everything else in the system is designed to support that primary act.

We hope to hear discussions this afternoon that will be based on the premise that the teacher is the most important part of the educational system. All we can really look at is some means of funding, some means of giving parents freedom of choice. That is basically what the resolution indicates.

As I said in a debate earlier in this Assembly, the Minister of Education either thinks he has very broad shoulders or he's developing a very thick hide, because he does stick his neck out. The Minister of Education said he was interested in looking at alternate forms of financing. He said he would be interested in looking at a pilot project using the voucher system — sometimes ministers, don't like doing things like that — for the purpose of broadening our look at education, looking at alternate means of freedom of choice, and choice of financing. I compliment the minister on being broad-minded enough and having the political thickness of hide to do that. I agree with the premise that the most important people in our educational system are teachers. But we have no argument with teachers, and later I will get into some problems they have.

This resolution is really meant to give us as legislators an opportunity to look at alternates. Mr. Speaker, there are many sacred cows in many institutions. But in looking at the best system for our pupils, our teachers, our trustees, and our taxpayers, nothing should be a sacred cow. We should assume nothing is so good it cannot be

improved upon. No system should be looked at as being so strong that it cannot withstand scrutiny.

As I indicated in my opening remarks, Mr. Speaker, this is not a crusade for the destruction of the public, separate, or private school systems, weighing one against the other. But when we look at the growth of the private school system, there must be some ferment that challenges us as legislators to question why this phenomenon is occurring. Is it just because people want their children educated in a Christian school or a school with some religious background? If we think it is just that, then there are many schools that educate children from all denominations. The Alliance Christian school outside Sherwood Park, that I'm quite familiar with, has a balance between people who practise that faith and people outside that faith. So it can't be just that they have a church affiliation.

Is it elitism? Using that school again as an example, there are rich, middle-income, and poor families who choose to send their children to that school. Is it convenience? No, because many of the parents in that institution deliver their children to the school and pick them up every day. So it's certainly not convenience. Is it that the school is of a smaller size, smaller classrooms, smaller total enrolment, smaller numbers of pupils per teacher, and the opportunity for parents to participate in the programs, in the extra-curricular activities, and a better opportunity for parents to associate with teachers? I say, Mr. Speaker and members of the Assembly, that basically it's the latter two: the smallness of size and the opportunity to be involved.

Everything goes in cycles. We have gone from the one- and two-room schoolhouse to the thousand and larger school systems, schools with that many pupils. In that change, that transformation, I think maybe we have lost that personal touch that's so important to education. So basically I am saying that maybe bigger is not better, maybe smaller is better, maybe teacher/parent/pupil involvement is better. In looking at some these suppositions, maybe we are asking our schools to do too many things for too many people. I'd like to quote one or two more sections from the Kratzmann report, about some of these social and educational trends we have seen. Page 14 of the report talks about social changes:

In light of these recent social and educational trends, two facts stand out clearly. First, the school is now responsible for the development of pupils in areas that not long ago were viewed to be the obligation of the family. And second, that because a child's education achievement is widely viewed as a predictive or determining factor in his or her future success, public interest in educational operations has risen fairly dramatically. In the years ahead, we may anticipate that attention to the extent and quality of educational services offered by school systems will continue to increase and controversies regarding educational policies and decision making will intensify.

Mr. Speaker, in saying that possibly we are asking the school system to do too much, look at what we are asking that system to do. Page 15 from Kratzmann:

Unquestionably, the school bears the brunt of family and social dislocation. Because of such disrupting forces, an increasing number of pupils are depressed, angry, and rebellious, and they express these feelings often through aggressive behavior or withdrawal. It is not uncommon for teachers to find pupils who feel deprived in areas of basic human

needs, including love and esteem.

We are asking teachers and the system to do these many things in the education of our children. Is there a need? Should we be discussing and investigating the need for change? I say as a legislator that the rights of families and parents in education have to be recognized. Parents and taxpayers seem to have been removed very, very far from any input to the educational system.

A quote from a book by Coons and Sugarman, *Education by Choice*, 1978: "Only when it comes to education has the state, deliberately or otherwise, virtually emasculated the family's options." While the state has a role to play in education — for example, in requiring mandatory education to a certain age, establishing minimum teacher qualifications for publicly funded schools, and ensuring that a certain core curriculum is taught — the massive centralization that characterizes today's education leaves no room for those who use the system to participate in educational decisions. I think that is very, very important. Our parents feel they just do not have any more input to the system.

The lack of parental input was demonstrated by the results of an Edmonton Public School Board survey of 1980, that asked, "Do you feel you have an adequate voice in school decisions that affect your child?" Mr. Speaker, the response from parents indicates that a significant proportion did not feel they had enough input. The responses: from elementary, 67 per cent said yes, 14 per cent no, and 19 per cent didn't know; junior high, 56 per cent said yes, 20 per cent no, 24 per cent didn't know; senior high, 46 per cent yes, 24 per cent no, 29 per cent didn't know.

Next, Mr. Speaker, the existing system does not have enough diversity for our society. We know that all children have different abilities, different intelligence, different interests. Education must take into account the differences among our students. I would like to say that we must take these differences into consideration, and we must afford the opportunity for people to decide the form of education they want for their children. The minister spoke about the voucher system. Basically the money collected by the provincial government and the local requisition for school purposes would be distributed to parents on a fixed sum per capita basis in the form of a voucher. The parents could then take the voucher to an approved school of their choice, either private, public, sectarian, or non-sectarian, and then the school would forward that and be reimbursed their share.

I know there are pros and cons, and that's why I welcome the debate. I believe this would involve the parents without excluding the government. A certain minimum standard quality in education is required at present in order for a school to become approved. This idea would remain intact. We would be following a high educational standard. It would introduce and increase competition between schools beyond the minimum standard. Mr. Speaker, at one time — before I was sufficiently educated, some people would say, in things relating to education by being a member of this Assembly — I thought all we needed was one school system, because I thought anything other than one school was a costly duplication. But as I've managed to stay around the league a few years, I feel that this competition is as healthy in education as it is in any other activity. I think this competition would be healthy.

Thirdly, parents would have a greater control over their tax dollars since the parents themselves would decide where their share of the education budget went. Not

all children respond to the same environment and atmosphere in schooling. They have different capabilities, aptitudes, and needs. A system where families whose children have common educational needs could come together and support a school which meets those needs would be more satisfactory than the present system, where children who don't fit into the mainstream are isolated in some cases, and in some cases even ignored. That is because we have this largeness of size and in some cases lack of choice. Mr. Speaker, I feel it is time we were returned to the family unit. Families are best able to decide what form of education is best for a child. No other unit or person in society knows the child's needs better than that family. This would be recognized through the use of the system.

Mr. Speaker, the voucher system has been used in some jurisdictions in the United States. It will be interesting to find out from other members of the Assembly if they consider that some of these experiments were failures or successes. Mr. Speaker, as a parent and a legislator, I feel that that freedom of choice should be open to all of us. It is not meant to be a knock on the present system in any way. It is meant to stimulate thought and discussion. So with those few opening remarks, I welcome debate for the next half hour.

MR. HIEBERT: Mr. Speaker, I am pleased to enter the debate on Motion 216, proposed by the Member for Clover Bar, with regard to the voucher system. Now I know we had a little discussion a moment ago on the amendment to the motion for a return with regard to the wording. For a while I thought we were going to start debating the Kratzmann report, so I was a little confused. I think we can all agree with what the hon. member said with regard to change and new approaches. However, I think the resolution, as it was put on the Order Paper, does have implications on the merits of public, separate, and private schools.

Before I comment on the voucher system itself, it may be of interest to note that I happened to peruse the new Social Credit policy statement on education. In it the southern shadow calls for a "fundamental overhaul of the province's educational system". It goes on to state that some "fresh approaches" will be presented. Well, I think we could concur in that statement. But the difficulty is when we start looking at the fresh approach. Here we have the voucher system, a 1950/60 fad from south of the border which failed miserably. Surely in the past we've learned [not] to take some burned-out ideas under the guise of change or innovation and adopt them here in Canada. I think we all realize what has happened with the new math program, the values approach to social studies, the open area concept, whatever.

The new Social Credit policy also says that "pupil grants per capita must follow the child — 100%. Concerned parents have to be given a better choice". But may I remind the Member for Clover Bar that once a student is enrolled in a specific public separate school, the per pupil grant rate does go to that specific jurisdiction. Or is the member implying the expansion of the private school concept? With such a proliferation, what are the actual implications for school boards, the teaching profession, parents, communities? Mr. Speaker, in the large metropolitan areas, students from outlying areas already enrol in alternative schools through tuition agreements. So choices are being exercised at the local level.

Another proposal taken by the new position paper is a small school policy. It asserts that "neighborhood schools give a better education in the broad sense than the large

'factory type' schools being encouraged by [this] government". What are the implications to small schools with the open voucher system? May I remind the Member for Clover Bar that that statement is an opinion which cannot always be backed up by fact. Secondly, when did the factory-like schools come into existence. I would like to remind the member that they came into existence in the '60s. Surely we shouldn't be taking credit for that innovation.

This government did introduce the small school grant system to keep small schools viable. I think that particular initiative has been very welcome in areas where they have depleting enrolments. Maybe it's an insufficient amount at this time, but I think the intent and direction is well appreciated throughout Alberta. The various alternatives or choices that parents and students are seeking do exist in fact in some of the larger urban areas. However, it's a question of trying to extend the same to smaller jurisdictions.

The concept of financing education by giving parents vouchers of a predetermined value, which parents give to schools where they choose to send their children, was based on some premises. One of them was: to cause a broader range of schools sensitive to the special needs and demands of students and parents. But I suggest that that can be done now. Secondly: to have teachers and administrators more responsive to parents' wishes and children's needs. That too can be achieved now if we put our will to it. Thirdly: to somehow lead to instructional innovation which may result in improved student performance or increased parental satisfaction. I suggest that that too is now attainable without the voucher system.

The notion that students will perform better if schools try harder, and schools will try harder if they are directly accountable to parents using the voucher system, is debatable to say the least. Mr. Speaker, I suggest that the most important criterion in adapting to a voucher system is whether or not it will improve the quality of schooling or the choices in the educational system.

I agree with the comment by the hon. member with regard to the importance of the primacy of instruction, the importance of the teacher in the school. But I also suggest that the student is why we exist. The student is important. Often in educational debate, you never hear the word "student" mentioned. Experimentation in places like San Jose during the period 1972-1978 resulted in nothing but administrative difficulties. It didn't present real choices to the parents. There were no clear-cut conclusions as to whether it improved the quality of instruction. In fact, on balance the whole concept was fraught by many dangers. An unlimited voucher system could inadvertently become elitist. Certain private schools could mushroom, both in terms of dollars and attracting top students, leaving public schools a repository for all the leftovers, with curtailed resources for the remaining clients, thereby fostering academic snobbery, attitudinal segregation, one-upmanship, whatever: take your choice. Mr. Speaker, to some extent those dangers already exist in some of the alternative programs that have been initiated in some schools.

I've also noted recent correspondence to teachers regarding The Teaching Profession Act by the Leader of the Opposition, who I might add is starting to play the role the odd time. In stating his opposition to any encroachment upon the integrity of the teaching profession, he went on to say that their position is to oppose any attempt to lower the status of teachers. Well, I wonder what the voucher system by implication is saying

to the teachers. I wonder what the voucher system, which could cause a proliferation of public schools, is saying to school boards. Mr. Speaker, I think the members of the Official Opposition ought to quit snowing the teachers and the school boards on this particular motion, because we really can't start talking about a voucher system unless we start looking at the implications with regard to what we presently have in place.

Implicit in the motion by the Member for Clover Bar is that parents want a greater choice in where they send their children to school, or what goes on in the school program. The member mentioned the survey by the Edmonton Public School Board. The Canadian Education Association did a similar survey, which indicated that about 75 per cent of the parents were concerned about what was going on in the schools, and that they wanted greater involvement and input to the decisions. But ironically, when asked how many would be willing to serve on a parent advisory committee for their local school, less than one-quarter of the parents said they would want to serve. When asked whether they would want to serve as a trustee, so that they could influence policy within the school district, even less responded that they were willing to serve. That seems to suggest, Mr. Speaker, that while parents want a say in what is going on in the school, they do not want to assume any greater responsibility. I think this fact was borne out with the early childhood program, which had a mandatory component for parental involvement. There was a reaction with regard to the amount of involvement that was expected.

So, Mr. Speaker, we could say, what do parents want? Well I think we could list a number of things. They want the best for their children. They want to see their children do well in school. They want their children to be happy, because usually if they are happy and the learning environment is a positive one, they usually achieve in a satisfactory manner. They want their children to go to a school close to the neighborhood. They want a school environment that is supportive of the home, the family, and its values; and a staff that is genuinely interested and committed to that objective. They want good rapport and communication with the school. I think many schools in this province have made initiatives and excellent efforts in this regard.

It is also known, Mr. Speaker, that as the children get older, especially into the senior high grades, many are more apt to select their schools not on the basis of what their parents want but on the basis of peer pressure or influence from other sources. How will the voucher system really affect these expectations? For example, we could take some areas like discipline, the learning environment, and the philosophy of the school — and you can take any school, be it in Edmonton, Calgary, or whatever. That particular school can have an excellent reputation in the community, and many times it is due to the concerted effort of the community, the principal, and the staff working together in a co-operative spirit. Yet you could take the same school 10 years later: you could have a change of the leader and in the core of the staff, and you would find a complete reversal. What would really end up is that we would have a real circus, with people hopping all over the place, because schools change by the very nature of the people in them.

Mr. Speaker, I think we need to address the question in another way. I think we have to try to look at the positive aspects within the present structure. Rather than dealing with the shortcomings, we should be identifying the

strengths. And from the strengths, we should grow. I think there is a predominance of thinking that we always get to the shortcomings of an institution or person, when in fact it is know that by going to the strengths, one can improve whatever the issue might be. I think we have to work constructively to the solution. A voucher system may be an attempt at this, but I think it really skirts some of the issues we're facing, that the Kratzmann report addresses and that we know exist in our schools.

I can recall an experiment done in the Edmonton school system. All schools used to have attendance boundaries for their elementary, junior high, and senior high schools. A pilot project was initiated which lifted these boundaries so that students could go to any school of their choice, or of their parents' choice, with only the proviso that local students could not be denied a place by over-enrolments, and that the additional transportation cost would have to be incurred by the parent. What was the result? It was found that less than 10 per cent of the students actually changed from their local community school. Many of them who did change looked for other alternatives such as special education programs, language immersion programs, vocational programs, and whatever. There was very little mobility away from the local school. So I suggest, why do we require the voucher system when in fact they do not leave their local community school?

A recent survey was conducted in the urban areas, and they found that students generally leave their local school based on program choice rather than dissatisfaction with the school. So I think we need to look at some of the issues before us when we start looking at choice of schools. Before us today we have declining enrolments, small schools, school closures, and parents very vociferous about maintaining the viability of the local, small school, to the extent that they will accept such things as split grades, overcrowded combined classes, program curtailment, and even to the extent that they will get involved voluntarily. Therefore I suggest, Mr. Speaker, that in all likelihood parents will not exercise the voucher option to go to any school, but rather they want to bolster and make sure that their local school is operating consistent with the objectives of the community.

Take a look at small communities. How realistic is it, in terms of having the option and the alternatives which are very limited? It's no different than when you go to a small community where you may only have one doctor or dentist. How many alternatives do the people in that community have with regard to seeking professional services?

What would happen to the public and separate schools as we know them if we went to the open system? Possibly, according to what has happened in the city, there might be very little mobility. So why should we bring about a voucher system, and all the bureaucracy involved in introducing the system, when in fact the people are not going to be moving to all kinds of different schools?

However, I do agree with the hon. Member for Clover Bar in that we need to turn some things around. We do have many social problems, and the schools cannot be immune to what is happening in the overall community. I think we have to change some public attitudes, Mr. Speaker. For example, we need parental involvement. But where do we get parental involvement in our schools? Sometimes the greatest outcry will come when a school closes an hour early, and they are alarmed because it changes the baby-sitting schedule. Rather than focussing on educational issues, sometimes they look at the very mundane things that affect them in the home. I think that

one thing that has affected schools a great deal is that they are looked upon in terms of a custodial role for the family. Is that what was intended for schools?

Take another example. We hear about youngsters being bored and unmotivated. But if you examine what's happening to these youngsters, many of them might be working at McDonald's until 1 o'clock in the morning. No wonder they are tired and unmotivated. They cannot function. Where is the family responsibility in this regard? We hear a great deal about more discipline, yet how much control is there at home when you see the youngsters out on the street all night? Is the school to replace the natural function of the mother and father? Often you will find that discipline is intended for others but not for my child. We hear about the illiteracy problem; about reading, writing, and computing. Yet I wonder how many youngsters actually go home and read a book for relaxation as opposed to sitting before the idiot box for hours, or listening to a rock station blaring and screaming throughout the house. You can't become a hockey player if you're not going to skate. You're not going to read or write unless you read.

Maybe some of the things that are happening in our homes have a direct bearing on what is occurring in schools. We can talk about responsibility, initiative; work ethic. How many urban youngsters actually have responsibilities in and around the home? We can look at sports programs, how they have become overorganized. If the mother or the father don't take the youngster to the basketball or soccer game, the youngster doesn't go. Who are they doing it for? Is the reliance upon the adult, or should it be occurring through self-initiative? I'm sure the situation is quite different in rural Alberta, where young people learn to take on responsibilities. I'm told it often shows a difference in postsecondary institutions, where young people from the rural area know how to apply themselves and how to work.

I think school systems are addressing the challenges and demands that are implied in the voucher system. Certainly schools in the large urban areas are responding with a supermarket of learning alternatives for all types of students. I think we need to look at what caused the change. Parents are demanding more varied types of offerings. That students need not go outside the present school system is certainly an objective of the parents I speak to. Another reason is that there is an awareness that if the public and separate schools don't respond, the void will be filled somewhere else. I hope the Alberta Teachers' Association is listening to this one.

There are a number of choices. You have choices for the gifted, special classes for the mentally and physically handicapped, schools for learning disabilities, the immersion language program, schools going back to the basics, the Christian school concept being worked through our present public and separate schools, the international baccalaureate program: I could go on and on. Certainly the system is not perfect, but it does give the public some genuine alternatives.

I'd also like to remind members of the Assembly that it is unrealistic to have some of these same opportunities throughout the province. There is no way you can have a Walter MacKenzie hospital in the smaller community. Likewise I would say that smaller communities, because of sheer numbers and resources, will have to look at alternatives applicable to their situation. Smaller communities are fighting just for the continuing existence of their schools. But I agree that bigness is not everything, and that small schools have an atmosphere that is unique.

I would also suggest that the country and rural living style brings a dimension that can never be replaced or duplicated in the large urban areas. I think that is something the smaller communities should try to preserve.

Mr. Speaker, I think we're going to see some spinoff effect with regard to neighborhood schools, and schools will be doing a self-evaluation and diversification that is truly going to reflect community wishes. But I suggest that the trend is still to maintain the neighborhood school. The key elements are co-operation, where you have a good staff, where you get good parental support, and the teachers and students in the school are working harmoniously together in something that is considered and perceived as worth while.

In conclusion, Mr. Speaker, I think we can identify issues and problems in our present schooling. We can continue to resolve them. I endorse the idea that one could experiment with a voucher system, but I do not look forward to the voucher system as a panacea to many of the issues and problems the school systems face. Therefore I do not support the proposition as put forth, but I do support some of the comments and ideas in the debate from the hon. Member for Clover Bar. I also look forward to the debate of other members and to hearing the resolution not only this spring, but possibly when it comes up this fall.

MR. ISLEY: Mr. Speaker, I would like to begin my remarks this afternoon by reading Motion 216 into the record.

Be it resolved that this Assembly urge the government to ensure parent choice in education by establishing a system of vouchers which will enable 100 per cent of the per capita pupil grant to follow a child to the school of his parent's choice, providing that the school operates within the provincial school system.

I wish to do that because I noted that the hon. Member for Clover Bar, under whose name the motion stands, did not. I don't really blame him, because I wouldn't have either. In listening to him, I also got the feeling that I wasn't sure whether he was supporting or opposing the motion, or talking on the one hand and on the other hand. I can't help but wonder if some of my friends from Barnett House have already gotten to him.

DR. BUCK: You slept through it. I did read the resolution.

MR. ISLEY: I'll check *Hansard*, sir.

The hon. member said that the purpose of this resolution was to stimulate thought, and then moved on to do a substantive amount of reading from the Kratzmann report. I don't find the Kratzmann report too stimulating, and I also can't make the connection between it and what we're talking about in the voucher system. The hon. Member for Clover Bar made one other statement I have to take exception to, and I believe he repeated it. He felt very strongly that the most important individual in the education system is the teacher. I would say the teacher is the second most important individual in the system; the most important individual, and the individual around which the whole system should exist, is definitely the student.

Mr. Speaker, as I understand Motion 216, parents would be given a money voucher which would follow the child to the school of the parents' choice. I assume that if

we had this motion in place by this fall, a parent would receive a voucher for, as I understand the hon. member's comments, the amount of the provincial per capita grant plus some determined amount of the supplementary requisition. Then the parent would go school shopping. I can't help but wonder what the impact of this would be. Very briefly, I suggest it would have some of the following effects on education in this province.

First of all, it would increase bureaucracy and the associated costs to issue roughly 420,000 vouchers. I think it would have a tremendously negative impact on staff and program planning in our schools throughout the province, and hence cause a lot of them to get off to late starts. From past experience in education, I know of a case where we had a Indian reserve sitting approximately 20 miles from two towns. The children on that reserve had a choice of which school system they could go to. One of the problems was that the system never knew in advance who it was getting, and how many if any. This makes it very difficult for jurisdictions to plan and respond to particular needs.

If I understand the hon. member correctly, another impact it would have is that 100 per cent of public funding would start flowing to private schools instead of the 80 per cent which flows to date. I can't help wondering what impact this would have on the number of private schools in the province. I can almost see the teaching business shifting to a consulting business, and a group of teachers getting together to initiate private schools and trying to attract individuals to them.

I think the hon. Member for Edmonton Gold Bar discussed the implications of an elitist school. I think he also touched on the lack of real choices that would exist in rural Alberta. I further submit that you would see parents bouncing children around from school to school because of disciplinary action the school had taken toward the child, which I don't think would have a positive impact on our educational system. You would probably see the ultimate developing of what I would call 'catering schools'; in other words, schools that cater to the child to keep the child and parent happy and to keep the money coming in. I don't see this as being positive.

Mr. Speaker, what the hon. Member for Clover Bar proposes in Motion 216, and then backed away from in his comments, is ridiculous in my opinion, and I can in no way support it. It will increase educational costs without increasing educational efficiency, cause disorganization and disruption in what is basically a good educational system, and serve no useful purposes. I don't believe that is what Albertans want to see happen to their educational system.

Mr. Speaker, we have a strong educational system in the province, and I believe we should direct our energies to improving it, not destroying it. I have been critical of education in this Assembly, but I have never advocated throwing the baby out with the bath water. Our education system has deficiencies.

MR. SPEAKER: Having regard to the metaphor just used by the hon. Member for Bonnyville, I am somewhat reluctant to pull the plug, but the time for debate of this motion has expired.

MR. ISLEY: I request leave to adjourn debate, Mr. Speaker.

head: **PUBLIC BILLS AND ORDERS**
OTHER THAN
GOVERNMENT BILLS AND ORDERS
(Second Reading)

Bill 205

The Remembrance Day Act

MR. GOGO: Mr. Speaker, I take great pleasure in moving second reading of Bill 205, The Remembrance Day Act. As the member representing Lethbridge West, in reality I believe I represent tens of thousands of Albertans who, when they review this Act, would support its goals and objectives: to make Remembrance Day a living reality in the province of Alberta, with particular emphasis on our younger generation. Simply put I believe that this Bill, if enacted, will allow all Albertans — not just veterans, mothers, and fathers, but indeed children — the opportunity to observe and learn more about what's behind Remembrance Day, commonly known as the date of November 11 at 11 a.m.

Mr. Speaker, I also think it would give our young people an opportunity to value freedom and all that goes with freedom, and the very high price paid for the democracy we enjoy today, given by the many citizens not only of Canada and Alberta but of parts of the world during wartime so that we might preserve this freedom. It's fine to have a Bill of rights and other kinds of rights, but I suggest to members of the Assembly that it's not something that occurred and simply became a statute in the province of Alberta or any other province at the stroke of a pen. In reality it was the culmination of the great sacrifice many Canadian men and women made in times of war so we could enjoy the freedom to enact that type of legislation.

Before we get to the details of the Bill, it would be interesting to recall for a moment the fact that World War I, which occurred ever so many years ago, was believed to have been the war to end all wars. Over 10 million lives were lost in that war, still referred to by some as the Great War. In Canada alone we had over 600,000 men and women in uniform. Of those in uniform, 60,000 died, gave their lives during that four-year term. Undoubtedly many other Canadians also gave their lives, either directly or indirectly, while not in uniform.

World War II: we had over a million Canadians in uniform. Of the 12 million Canadians who wore uniforms, over 42,000 died. In many peoples' minds, that was an unnecessary war because they'd already had the war to end all wars. Then, Mr. Speaker, occurred the war or incident or police action known as Korea, an aggression from China, south through North Korea, which resulted in United Nations intervention with United Nations divisions being supplied in Korea. Twenty-two thousand were Canadians; between 300 and 350 died. Some members of this Assembly participated in the Second World War, and some participated in Korea. I don't believe any participated in the Great War of 1914-1918. If they did, they're remarkably quiet about it.

It would be interesting, Mr. Speaker, to take a moment to look at some of the history. For example, in 1919, immediately following the Great War, we find some interesting things occurred. The peace agreement was signed by France on behalf of the allies at 5 o'clock one morning, to take effect at 11 o'clock that morning. It was the 11th day of November, hence we ended up with the very symbolic 11th hour of the 11th day of the 11th month each year being known in different countries for

different reasons.

It might be interesting to note that since that time, Mr. Speaker, we concluded not many years ago what some would term the greatest war in the history of the world. Statements and claims are made that in terms of fire power, more bombs were dropped on Vietnam in one year than in the entire World War II. The devastation and wrack of human life is probably well known, and I wouldn't want to dwell on that.

Shortly after World War I, Mr. Speaker, symbolic events took place in many countries in the western world. It began in France with a symbolic burial, although it was a real body known as the Unknown Soldier. He was to represent the men and women who had given their lives in the Great War. That occurred not quite simultaneously but around the western world. It occurred in Arlington cemetery in Washington D.C., at Westminster in England. I don't know whether it occurred in Canada. At that time Canada was a relatively young nation, although we had somehow managed to lose 60,000 Canadians in that war. That gave birth to activities across Canada, including Alberta, where we had the dedication of cenotaphs in virtually every city, town, and hamlet. As members know, each year the province of Alberta provides a wreath to be laid at the cenotaph. Invariably inscribed in bronze on those cenotaphs are the names of men and women from that community who gave their lives in both wars.

It's interesting to look back at some of the legislation enacted. When one looks at the House of Commons activities in 1921, we see a statute enacted known as the Armistice Day Act. It was coupled with Thanksgiving. I believe the statute read: herein an Act is created known as the Armistice Day Act. Assented to June 4, 1921, it provided that where Thanksgiving occurred in the same week as November 11, they would be enjoyed on a common day, being the Monday of that week. I don't want to belittle the fact that [Remembrance] Day was important; the celebration of Thanksgiving in remembrance of being thankful for everything that had been received wasn't necessarily belittling anything. But that went on for 10 years. In 1931 an amendment to the Armistice Day Act was passed in Canada recognizing Remembrance Day under its present name.

It's interesting to quote from *Hansard* some of the debate of May 23, 1921, Mr. Speaker. I'm naturally interested in the participation that day of members who were in the area near where I represent. I see a Mr. Gershaw was the Member for Medicine Hat. That's obviously a long time ago, because I wasn't even born at that time. He reads into *Hansard* many of the comments that will undoubtedly be made today with regard to why we should be remembering November 11. I don't want to quote it for the members, but I believe he points out very fittingly the cogent reasons why young people of that day should observe November 11. I don't suppose much has changed in the intervening years, and maybe not much more will be contributed by me today, other than to highlight what I believe to be the major reason we should be enshrining this in statute.

You know, Mr. Speaker, memories tend to be short. I believe very strongly that if it were not for particular groups in this country, Remembrance Day would have been long forgotten. Here I'm addressing my remarks to veterans' organizations in Canada and in other parts of the world, but within Canada, specifically to the Royal Canadian Legion. Across Canada we now see the poppies in the week leading up to November 11, those red flowers

so representative of Flanders field from World War I. Each year the Canadian Legion, which has tens of thousands of members — I believe the figure is now 78,000 in the province of Alberta alone — uses poppy day for two reasons. One is to have people remember the occasion of November 11 and the fact that people gave their lives, and thereby the theme for November 11 has been constant for so many years: Lest we forget. As many members know, the funds raised by poppies are used by the Legion in a benevolent way to assist widows and children of veterans who gave their lives during the wars.

I'm particularly pleased to have the opportunity each year to attend the formal laying of wreaths at the cenotaph, Mr. Speaker, where I see citizens in the Lethbridge community in ever-increasing numbers, and I, on behalf of the Member for Lethbridge East and myself, have the opportunity to lay that wreath and see the number of young people who come out. Part of this prompted me to suggest this Bill to the House today. When we see the symbolic bereaved mother laying the first wreath; invariably it's a mother who's lost at least two and sometimes more children from the Second World War. It's interesting to recall the number of years it's been since the conclusion of World War II. It's been a long time. When one considers that over 50 per cent of all Albertans are under 25, not that many were alive at that time.

Speaking directly to the Bill now, Mr. Speaker, my intent in moving this Bill was really twofold: to encourage Albertans to be more aware of Remembrance Day, and in particular to direct the attention of legislators to the next generation. Therefore, it is suggested in the Bill that an activity take place in the schools in Alberta between 11 and 11:05 a.m. on Remembrance Day amongst the 450,000 young people in our school system on. I should point out that in many communities, including my own, the Canadian Legion spends time each year in the schools pointing out the reasons we observe Remembrance Day. But I don't think it's done enough. For that reason, I would like to see it formally done and made a requirement in the school system.

Mr. Speaker, I understand that it's not mandatory at this time for schools in the province to close on November 11. I begin to wonder if it would be a good thing to force them to close. I'm somewhat persuaded, and later I would encourage an amendment in the Bill, if it ever gets to committee stage — as a matter of fact, I would move the amendment — that this Act not dictate that schools must close, but as is in The School Act now; that is, an option by the school boards of Alberta. The county of Lethbridge presently has schools open on that day, which is extremely meaningful in terms of young people observing Remembrance Day, whereas they're closed in the city of Lethbridge School District 51. So I anticipate that I would be making an amendment at that time.

More important than that, Mr. Speaker, during the ceremonies between 10 and 11 on Remembrance Day morning as one marches from a church service to the cenotaph, it's particularly aggravating to see retail stores open. For that reason a section of the Bill would indicate that it's necessary for those stores to close, with certain exceptions, and they're in the Bill: drug stores, certain small grocery stores, et cetera. In addition, far be it from me to want to remove the right of anybody to [partake] of alcoholic beverages, but I somehow don't think it's right that we should have bars and pubs open on Remembrance Day. For that reason there's provision in the Bill whereby they wouldn't be open. I don't want to be particularly associated with alcohol; however, I notice

people looking at me in a somewhat jaundiced way. Mr. Speaker, I would point out how very important it is to our veterans to be able to participate in the private clubs they belong to, such as the army and navy club, the Legion, Elks club, other private clubs where veterans tend to gather on special occasions such as Remembrance Day, to recount those events.

Mr. Speaker, let me close on this note. I believe that an Act of this kind is timely. I think it's pertinent to the citizens of Alberta. I think it's particularly pertinent to the next generation, and I certainly encourage all members of the Assembly to support it.

Thanks very much.

MR. THOMPSON: Mr. Speaker, I would like to commend the Member for Lethbridge West for introducing Bill 205. I can heartily assure the members of the Assembly that the people of the Cardston constituency will support it too. We've done it in the past. We really feel that Remembrance Day is of very great importance to the whole community down there.

I don't think I need to underline the importance of Remembrance Day to the people of my age, Mr. Speaker. For my generation and the generation who preceded me, three or four events really had an impact on our lives: the two World Wars, the Depression in the '30s and, to some extent, the Korean War. So people of my age and my generation understand the importance of commemorating this day, which used to be Armistice Day. However, for my children and grandchildren, it's a different thing. They never really experienced this type of social upheaval, that basically the wars were. They uprooted people from their family atmosphere, mostly young people.

It's of real importance that we pick one day a year — possibly two or three minutes, or two or three hours from that day — to remember what this did to our country. I'm not looking at the celebration of victory in the war; I'm just talking about the social upheaval we had. Mr. Speaker, I honestly think the immediate families of people who served in active duty suffered more anxiety and more worry than the people actually involved. So everyone of that generation who experienced it can understand it, and I think we should give the younger generation a chance to understand it.

I'd like to commend the province for supplying wreaths to the cities and towns of Alberta for this day. On November 11, I make a point to go to different towns in my constituency — to the Legions and cenotaphs — and participate in their ceremonies. There is real support for them in my area. I can give one example. Last year in the town of Raymond, 2,500 people, there was an hour-long ceremony in one of the churches. Two hundred and fifty people were out where I spoke, and they had a very moving ceremony at the cenotaph afterwards. So I really feel it is an important day.

Mr. Speaker, I'd like to underline that in this Bill we are designating one special day. We in this Legislature all know that we tend to take our holidays on a Monday and make a long weekend. In those cases, I think the importance of the holiday is somewhat lost in the shuffle. I am glad the member says, let's stick with the date of November 11, and whatever day it is will be the day we celebrate.

Every year in the elementary school in Cardston, they take an hour in the gym and have a very moving ceremony. They read the name of every resident in the Cardston area who was killed in action in the First and Second World Wars and have a ceremony that is quite

moving. So from my point of view, this Bill isn't necessary for the Cardston constituency, because we're going to celebrate November 11 anyway. But for other communities, I think it's good to have a standard in which they can participate. Let's not forget November 11.

Thank you for your attention.

MR. LITTLE: Mr. Speaker, I too am pleased to speak to Bill 205. Perception of Remembrance Day depends on one's age and one's thoughtfulness. Impressions can range from getting a day off school or a day off work to standing on cold, dull gray, dreary days in front of the cenotaph, with thoughts of fallen comrades. This is the real meaning. To most Canadians, Remembrance Day is something they have grown up with. But now sentiments are more often preached than observed.

It is important to reflect not only on our errors and omissions — I'm sure we do that everyday — but more important that we have the freedom to make what we want of the world. That freedom was dearly purchased.

My first thoughts of Remembrance Day go to my early days at Riverside school in the city of Calgary. Each Arbor Day the principal used to take the young children from grade 2 to about grade 5 down to the banks on the north side of the Bow River, both sides of the Langevin Bridge. On succeeding Arbor Days, we planted trees in memory of the veterans of Calgary who had been killed in the first war. At a later date, nameplates were attached to these trees indicating the men they were in memory of. Not only have the nameplates disappeared, but the city of Calgary now plans to remove those trees for a road-widening project. So don't be surprised, hon. members, if I spread myself in front of the bulldozer. [interjection]

My next thought of Remembrance Day, Mr. Speaker, is attending Crescent Heights high school in the years just before the war broke out. There was good indication a war was coming, and the young men were prepared for it. Most young men who I attended class with enlisted within the first year and served with distinction in almost every theatre of war on earth.

I also remember that my good friend Willie McKnight left school, went to England on a cattle boat in 1937, and joined the RAF. When the war broke out, Willie McKnight was a qualified flying officer. He flew in Douglas Bader's squadron and was shot down over France in 1942. I'm happy to report that I had a great deal to do with naming McKnight Boulevard in memory of Willie McKnight. But I'm sorry to say that when I visit the schools on Remembrance Day and ask students who McKnight Boulevard is named in memory of, they don't know. They know many American heroes; they don't know our own. It's a disappointment to me.

About two years ago, I remember attending the annual conference or convention of the War Amputations of Canada. This organization is very unique. You have to have a particular qualification to get in: you must have lost a limb in a theatre of war. Among that group, I found some of the most cheerful, most dedicated Canadians I have ever met. Some had lost both legs, some had lost both arms, some had multiple amputations, and many are hospitalized for life.

Mr. Speaker, if you'd let me quote Charles Dickens, a section from *The Old Curiosity Shop*:

The memory of those who lie below passes away so soon. At first they tend them, morning, noon, and night; they soon begin to come less frequently; from once a day, to once a week; from once a week to once a month; then at long and uncertain [last] . . .

not at all.

Mr. Speaker, ultimately all veterans will lie below. November 11 is a day to challenge the truth of Dickens' words and ensure that the memory of those who served will live forever.

MRS. CRIPPS: Mr. Speaker, I'd also like to support the Bill. The Holidays Act of 1970 states:

Throughout Canada in each and every year, the 11th day of November, being the day of the year in 1918 on which the Great War was triumphantly concluded by an armistice . . . [shall be] a holiday, and shall be kept and observed as such under the name of "Remembrance Day".

The purpose is clearly stated in the Act.

It's been brought to my attention by the Royal Canadian Legion in my constituency that some groups are officially taking the November 11 Remembrance Day holiday on alternate dates, during the summer or at Christmas. This deferment or advancement of the November 11 day has caused consternation among the veterans and, I think, well it might. While realizing that essential work must be done, November 11 is designated as Remembrance Day by that Act, and not just another holiday.

The number of people attending Remembrance Day service is declining. I believe this is an indication that we are taking our freedom for granted. As the devastations of war recede and the memory of those who made the supreme sacrifice fades, we are liable to become complacent. We must be thankful that today's generation has not been subjected to the ravages of war. It is important to remember that that fight was for freedom, and that we must be constantly vigilant to protect that freedom won at such sacrifice. Not only is it important that we pay tribute to the soldiers of all wars, but that we consider the causes of war, the ravages of war, and the necessity to prevent future wars.

Mr. Speaker, this Bill is important, lest we forget.

MR. FJORDBOTEN: Mr. Speaker, I commend the hon. Member for Lethbridge West for bringing this Bill forward, not only because of the content of the Bill but because I know he has very personal feelings and memories of what the Bill represents. The hon. Member for Lethbridge West served our country in the armed forces from 1949 to 1960 in Korea, Germany, and Canada. So he has a great appreciation for what the armed forces are and what Remembrance Day really should mean.

Mr. Speaker, whenever a person enters the Legislature Building, one of the things he or she sees in the front of the building are the large bronze plaques. Those plaques with the names on them are there to commemorate those who gave their lives so that we could all be free. Plaques are really great, but they only have meaning if people see them, and understand and appreciate what they represent. Throughout my constituency, as well the constituency of every other member in the House, there is a cenotaph or monument. Some are large and some small, but all represent a public reminder of those to whom we owe such a great debt. When a loved one dies, we grieve but life really goes on. It's always amazed me how quickly we get over our memories, and the hurt and the loss we feel. Our youth today never really felt the horrors of war or of losing a loved one, and what the war really meant. They don't have an appreciation for what Remembrance Day really is.

When I think back, I remember when the second war was over. I was standing on the street in Claresholm, and

two Mitchell bombers came over at treetop level and dropped leaflets saying the war was over. Those days we had no television of course; and in the radios we did have, the batteries were normally dead. So that was one way of letting people know the war was really over. I've often thought about that and regretted I didn't keep one of those leaflets. I'd like to see one again, because it made such an impression on me; the horns were tooting, and there was great joy that the war was over. When I stand at a cenotaph on Remembrance Day, I always remember that day I stood on that street in Claresholm when the war was over.

A common saying today, Mr. Speaker, is that those who don't know their history are condemned to repeat it. As people, we need to do more than remember the great sacrifices made by so many people so that we could live in freedom; we have to honor them, and instil in our children that appreciation of Remembrance Day and what it really means.

Mr. Speaker, our province recognizes the need to understand, and appreciate our history: there is a new book, *The Albertans*; the naming of the scholarships of the Heritage Scholarship Fund and the individuals who contribute to our province and our country. Three of those scholarships honor people who lived in the McLeod constituency, and many individuals in the McLeod constituency made the ultimate sacrifice. They gave their lives so that we could be free.

I certainly support the Bill now before us, and I ask other members of this Assembly: do you really know a better way that we could acknowledge and remember the sacrifice made by those who came before us?

Thank you.

MR. MUSGREAVE: Mr. Speaker, I'd like to make some comments on why I support Bill 205, The Remembrance Day Act. I think it's unfortunate that Canada seems to do its best at working together mainly when we're attacked by foreigners. With the exception of Expo in 1967, the single most strong event that brought us together was World War I, World War II, or the Korean war. Unfortunately, I think too many of our young people and many of my generation and the one coming behind me don't understand the sacrifice that particularly the Canadians made in the First World War. I'd like to deal with that war in a little more detail than we've heard so far today, when our country had less than 8 million people.

In August 1914 the first Canadian expeditionary force was committed to Britain. By September of that year, 30,000 men were at Valcartier, Quebec. A single convoy reached Plymouth, England, in October 1914. The 1st Canadian Division crossed the English Channel in February 1915, and the first large-scale action in the Second Battle of Ypres was on April 22, 1915. The Germans launched their first gas attack and Sir John French, commander-in-chief of the British Expeditionary Force, of which the Canadian Corps was a part, wrote:

In spite of the danger to which they were exposed the Canadians held their ground with a magnificent display of tenacity and courage; and it is not too much to say that the bearing and conduct of these splendid troops averted a disaster which might have been attended with the most serious consequences.

Less than two weeks after this, the division was relieved, having suffered 5,700 battle casualties. Other divisions followed from Canada, and the casualties continued to mount. April 4, 1915, a second division was engaged and an unsuccessful struggle in the mud of St. Eloi, where

they suffered 2,000 casualties. There followed the 3rd Division overseas in 1915, and by the beginning of 1916 the Canadian army had three divisions in the field. Battles at Sanctuary Wood, Mount Sorrel, and the Battle of the Somme, which saw the 4th Division added in August 1916, continued. Casualties were heavy on both sides, but the deadlock remained unbroken. In the fall of 1917 the Canadian Corps was involved in new planning to take Vimy Ridge, and in April the four Canadian units attacked on a front four miles long. In the next five days the war would cost Canada over 11,000 casualties. Under a new commander, Sir Arthur Currie, the Canadian Corps was involved in several operations culminating in the Third Battle of Ypres. It was important to clear the Flanders coast, so that they could eliminate the German submarine bases which were attacking Atlantic convoys. Canadians were brought in under terrible conditions. The entire countryside was a sea of mud, with hardly any means of transportation. Passchendaele Ridge, which commanded the area, had to be captured. After suffering 16,000 casualties, the Canadian army had acquired 2 square miles of ground.

As the war moved into 1918, casualties grew. In the spring offensive the battle of Amiens started, with the Canadians moving 12 miles in four days, and the casualties mounted to 9,000. As the war continued into the fall, casualties mounted, so that between August 22 and October 11, Canadian casualties amounted to 30,000. As the hon. Member for Lethbridge West mentioned earlier, by the end of the war 620,000 people were in the Expeditionary Force; 425,000 went overseas, and 61,000 were killed.

The war was very important, though, in ridding us as Canadians of our colonial status. It fostered a truly national spirit, resulting in independent status as a dominion by virtue of the Statute of Westminster in 1931.

Now, Mr. Speaker, I'd like to give some brief highlights of the Second World War. It saw over a million citizens in uniform; 49,000 of these were women. The casualties amounted to 23,000 for the army, 17,000 for the air force, and 2,000 for the navy. Our population in 1939 was [11,300,000]. Again though, our economy was strengthened by the war, at great personal sacrifice to many people and many families. But to put it in perspective, if we went to war today under the same kinds of conditions as existed in 1914, we would see 200,000 Canadians killed; we would see over 2,200,000 people in uniform. It's too horrendous to even anticipate the people who would be injured or die if we got into a nuclear war.

Mr. Speaker, from my own experience as a schoolboy, we stood silently at our desks for two minutes. We knew; we had a short discussion on what a terrible thing war was. We were aware of why there was a Canadian Legion, and why there was an Army, Navy, & Air Force Veterans' association. Many of my generation remember the lapel badges worn by the veterans of the First World War. I think this is a very important part of our history that should be commemorated, and this is why I support the Bill of the hon. member. If it hadn't been for the sacrifice of those people in 1914 and again in 1939, we probably would be living in a totalitarian state as unfortunately the people of East Germany are living in today.

MR. STROMBERG: Mr. Speaker, I believe it was about 3,000 years ago that an Egyptian king had inscribed on the temple wall the following quotation:

In times of peace, sons bury their fathers.
In times of war, fathers bury their sons.

After 3,000 years, that is very true today. You can't help but think, will we ever learn? Mr. Speaker, several years ago I had the opportunity to be in Ottawa on November 11, to see first-hand the ceremonies at the national cenotaph and the laying of wreaths by the republic of West Germany, Japan, and all the major nations of the world. Mr. Speaker, I could not help but question that our allies of a short 32 years ago are today our enemies. Our troops fought in Korea against China. Russia was our major ally; today it is our major threat. Japan is probably our best trading partner and the best friend we have — all in less than a generation. And you wonder, will we ever learn?

But I have to commend the Member for Lethbridge West for introduction of this Bill. I have a constituent who served alongside the Member for Lethbridge West in Korea in the Royal Horse Artillery. He speaks very highly of the comradeship he had with him. He also questioned the Canadian army. At that time they were alongside the American army. In that very mountainous country of South Korea, the American army used good Missouri mules to pack tons of ammunition up the sides of the mountains. But my constituent claimed that the Canadian army used him and the Member for Lethbridge West to pack this ammunition up these mountains.

Mr. Speaker, the Member for Cardston indicated the social upheaval. It certainly was a social upheaval, but it pulled Canada together. Everyone was involved: the victory gardens, the school children saving their pennies for war bonds. At no time was this country ever that close together.

Nine years ago I introduced to this Legislature a private member's Bill similar in intent. It was named The Rededication Act. Basically the aim of that Bill was to take the profit out of Armistice Day. It was rather discouraging, as other members have indicated, that certain business people remain open on a federal statutory holiday. At that time right here on Jasper Avenue, major department stores with displays in their windows of the contribution our Canadian forces had made in the last war — the pictures and story of Dieppe, the Normandy raid, Sicily, the sands of Africa, or the jungles of south-east Asia — and doors open for business. As I indicated, Mr. Speaker, the intent of my Bill was that any business remaining open that was not declared an essential business, would pay their staff time and a half. It has helped considerably, Mr. Speaker.

I would like to point out that it's a statutory holiday — federal legislation. But it's up to the provinces to declare it a statutory holiday. If we declare it a statutory holiday, there are some essential businesses that would be paying considerably extra profits to their staff. I suggest that we raise the ante: a business that is not essential, staying open that day for the purpose of making a profit, would pay its staff double time. That way I think we'd get the message across.

Thank you, Mr. Speaker.

MR. OMAN: Mr. Speaker, I rise in support of the motion before us. And I must echo many of the sentiments expressed by the Member for Macleod as well as others, thinking of the fact that we live in a generation born in the last 10 or 15 years that really knows very little about the joys or horrors of war.

I reminisced a little bit as I was thinking about this, because it is the Second World War that I particularly remember. When it broke out in 1939, I was a young lad of nine on the farm. From that perspective I guess it

seemed kind of thrilling, even from the perspective of Canada. One of the fortunate aspects of North America is that we really haven't known what it is to have bombs dropped, and our cities and our country ploughed from one end to the other by shells and tanks and so on. So I don't think that in this country we really have an appreciation of the horror, as they do in places like England, France, Germany, whatever.

I recall some almost pleasant instances. They were sort of interwoven with my youth. We lived not far from the air force bases at Neepawa and Rivers, and of course airplanes were a great thrill to a young lad — never saw them before the war. But all of a sudden they were all over. You don't remember the two-wing Tiger Moths and the two-engine bombers. I recall this fellow coming over our farm. He got a route and dipped his wings. Of course he saw my sister, who was six years older than I, thought she might be quite dateable, finally found out where we lived, drove up one day and tried to make an appointment.

I recall when a Lancaster bomber pilot from Rivers lost his way. He landed in a plowed field about a quarter of a mile from our dear old grade school. It was a miracle he ever got that thing down, but he did. And he didn't know how to get back. What a day for our school. Talk about skipping classes. Everybody was out there. I recall that they decided they'd fly that thing out of there on a particular day. We were strictly forbidden to skip school that day. But don't you worry, I wasn't there. I remember that I hid out in the hayloft in the morning, and didn't go until about 10 o'clock, when I knew that thing was going to take off, and snuck over there behind the granary and watched the whole procedure. It was a tremendous experience for a young fellow of 10 or 11 years to see that thing go off.

But then something else began to happen. None of my immediate family was in the armed services, and of course I was too young. But friends I had known went to war when they were 17 and 18. Some of them lied about their ages. All of a sudden, reports came back about their being killed in battle. They weren't going to be part of that farming district anymore. In a small district like that, you know and appreciate everybody, and you sort of consider everybody your brother and sister. So that was part of my growing up. Those experiences are indelibly burned into my mind.

I think of my own children, who are now university age and so on. They don't really know. Of course we've had television broadcasts of the war in Vietnam, and so on. But I think it's hard for our children to appreciate, because they were a little further away. Because of that, I think it's extremely necessary that we re-emphasize, and indeed put a little more emphasis into the present Remembrance Day observance. I know that this is what the mover of the Bill has in mind, and for that reason I support it.

I think it isn't in good taste, indeed I find it unethical, that we have commercial establishments that are profiting by a holiday that is set aside to remember those who gave up their lives so that we have what we have today. I just don't think that's right by any stretch of the imagination. I can recall various services we've held in Calgary, whether at the downtown memorial or up at the Jubilee Auditorium, and going by and seeing business establishments open. I know there was resentment, particularly on the part of the veterans who saw that. I think we bear the kind of respect to these people to see that these things don't happen, and that people aren't profiting by some-

body else's sacrifice in this sense.

The fact that we would also require that there be an observance in our schools — and it may be put in by way of an amendment — not just a matter that it's taught from our history, but the fact that it is done in a particular observance in a school classroom, with the meaning of it, is I think something to be admired and encouraged. It's easy to forget, particularly when one hasn't been there. It's easy not to appreciate. I call to your attention the words of Rudyard Kipling, a very popular hymn that is now sung at memorial services on Remembrance Day:

God of our fathers, known of old,
Lord of our far-flung battle-line,
Beneath whose awful Hand we hold
Dominion over palm and pine —
Lord God of Hosts, be with us yet,
Lest we forget — lest we forget!

The tumult and the shouting dies;
The Captains and the Kings depart:
Still stands Thine ancient sacrifice.
An humble and a contrite heart.
Lord God of Hosts, be with us yet,
Lest we forget ...

Far-called, our navies melt away;
On dune and headland sinks the fire:
Lo, all our pomp of yesterday
Is one with Nineveh and Tyre!
Judge of the Nations, spare us yet,
Lest we forget ...

I think it's easy to forget the sense of judgment and awful terror that this brings. We need a shoring up of the Act to bring to our minds the importance of these days the further away we get from the event.

MR. HYLAND: Mr. Speaker, it's a pleasure for me to take part in the debate this afternoon on Bill 205 from the hon. Member for Lethbridge West.

Mr. Speaker, I suppose you might say that in some cases there are some good things that come from war. If it wasn't for World War II, I as well as probably other members in this House would not be here. [interjections] My father wouldn't have been in the air force, and he wouldn't have gone to England and met my mother. So some things do happen.

I think it's important that we remember November 11 or Remembrance Day. Being brought up in a family with parents deeply involved in the Legion, I have attended Remembrance Day services for as long as I can remember. Now, as a member of the Assembly, it means a great deal to me to attend the services at various Legions in my constituency and to remember that what those people gave then — the ones who are able to attend the services today, and the ones who gave their lives and are unable to be at the services — made it so that I could stand here in this Assembly and express my views in a free, democratic society. I think it's important that we yearly remember these people.

Mr. Speaker, through the various November 11 services I've attended through the years, I've noticed that a number of years ago the people who used to attend the services — the community and Legion halls would be full. As time goes on, we get further away from the event and we find that the services are not being as well attended as they were. We don't see too many young people attending

the services. With the work the Legion members have been doing in going to the schools and speaking to the students, I've noticed in the last few years that more of these students have been attending the services. But I've also noticed one thing. Living in a town and representing other towns that have a population that immigrated here since the war, the great majority of people now attending November 11 services are people who have been in these countries that were liberated by members of this Assembly who served in the services as well as many other Canadians. These people are attending the services to show their thanks for what was given for them, so that they were able to come to this country and live and make a living.

Mr. Speaker, I understand that today is indeed a very important day. The Clerk Assistant has reminded me that on May 7, 1945, [36] years ago today, the fighting in Europe ceased. I don't know if the hon. Member for Lethbridge West arranged it that way. But if it was by accident, it was truly a good day to have a debate for November 11 services.

Mr. Speaker, we have heard members talk in the Assembly today about the things that affected them. I think one of the first things I remember about November 11 is having to learn in school the poem *In Flanders Field*. I tried to remember it. My hon. colleague on my right and I got three lines right. I sent a Page down for the poem. But in view of time, I just remind members to look this poem up. It gives a feeling of what we are talking about today.

Thank you.

MR. KOWALSKI: Mr. Speaker, I too would like to make a few comments on Bill 205. I have a difficult time looking at the clock from here, but I assume I've got about a minute and a half left.

While I support in principle the basic concepts contained in Bill 205, there's one factor in it that I think does not go far enough. Specifically it deals with Section 1 of the Bill, where the phraseology currently says:

In a year when Remembrance Day falls upon a day which is not a Saturday or Sunday, notwithstanding

The School Act, every school shall remain open.

Clearly on the basis of comments made earlier today, this Bill should in fact be rephrased to indicate that November 11 in any given year should become a statutory holiday within the province of Alberta, and all schools in our province should be closed. In fact, there should be provision in there for a commemorative ceremony to take place in all schools in our province on the day previous to November 11. I think it's a very, very significant day in the history of Alberta and Canada. When we do have an opportunity to address ourselves to further debate on this Bill, I intend to address that point further.

Mr. Speaker, in view of the time, I beg leave to adjourn debate.

MR. YOUNG: Mr. Speaker, if the clock could be stopped for one minute, I would like to advise the House of the order of business this evening.

MR. SPEAKER: Are you agreed?

HON. MEMBERS: Agreed.

MR. YOUNG: Mr. Speaker, this evening it is intended to move to the estimates of Energy and Natural Resources and, if there is an opportunity for further business,

probably the Department of Labour. In view of that development, I think we could revert to Committee of Supply at this time, and we would be in a position to commence on that basis.

MR. SPEAKER: Does the Assembly agree that when hon. members reconvene at 8 o'clock this evening, they will be in Committee of Supply?

HON. MEMBERS: Agreed.

[The House recessed at 5:31 p.m.]

[The Committee of Supply met at 8 p.m.]

head: **GOVERNMENT MOTIONS**
(Committee of Supply)

[Mr. Purdy in the Chair]

MR. DEPUTY CHAIRMAN: The Committee of Supply will please come to order. Before we go into the business of the evening, may the hon. Member for Three Hills revert to introduction of visitors?

HON. MEMBERS: Agreed.

head: **INTRODUCTION OF SPECIAL GUESTS**
(reversion)

MRS. OSTERMAN: Thank you, Mr. Chairman. It's with a great deal of pleasure this evening that I'm able to introduce to you and to members of the Legislature a group of high school students from all over the province of Alberta who are with the Forum for Young Albertans. They are accompanied by their founder and president Linda Ciurysek, and vice-president John Parr.

I would just say briefly, Mr. Chairman, that this group of young people, the same type of people we met last year, are extremely bright and, judging by the conversation at our supper table tonight, very interested in provincial and municipal affairs. Looking at the calendar of events they've been participating in in the last week, starting Monday, May 4, certainly gives me an indication that they're going to be very, very ready to take over their responsibilities as young adults in this province. I'm indeed proud to have them here this evening. I'd like them all to rise and receive the warm welcome of the Assembly.

head: **GOVERNMENT MOTIONS**
(Committee of Supply)
(continued)

**Department of
Energy and Natural Resources**

MR. DEPUTY CHAIRMAN: Has the Minister of Energy and Natural Resources any opening comments?

MR. LEITCH: Thank you, Mr. Chairman. I would call the attention of members of the committee to one item: Vote 4, forest protection. That is the vote out of which we

pay for forest firefighting protection. I want to call to members' attention that we've made a significant increase in the base number we normally put in that vote. Members will recall that the number put in the vote is certain to be in error because at this time of year we have no way of knowing what our costs of fighting forest fires might be. However, on this occasion we have added nearly \$5 million to what I would call the base component of that vote. That is for the purpose of adding to our initial attack capability. That would include additional personnel and bases and some additional aircraft.

Members of the committee will recall from previous discussions that our first line of defence in respect of forest fires is to spot them quickly, bring in an attack crew, and get them put out before they get chance to get started. Once these fires get away from us and get well under way, the chances of putting them out really become very remote. Primarily all we're able to do is to steer or guide them.

Certainly it's arguable whether this additional expenditure is justified. On the one hand, it could be argued that if we have a moderate fire season, the additional expenditure on initial attack crews and other equipment is not needed. We may go on for a number of years before we have a bad fire season, and find that this additional-initial attack capability has not paid for itself. On the other hand, if we get another year like we had last year and we're able to significantly reduce the number of serious fires, the cost saved in that particular year would support this additional initial attack capability for a number of years. As I say, Mr. Chairman, it's a matter of judgment. My inclination would be to err, if we're going to, on the side of having more capability to detect and extinguish these fires in their early stages. For that reason I would recommend the additional sum provided in that vote.

Mr. Chairman, that is the only vote I want to call the attention of members to, because the change in that vote might not have been readily apparent to members.

I simply conclude by expressing, on behalf of the government and, I'm sure, the people of Alberta, my very sincere and deep appreciation for what I think has been an excellent effort by members of the department during the past year. It has been an exceedingly difficult year. On the renewable side, we've just come through one of the worst fire seasons in the province's history. That of course put a great deal of strain on members of the department in that area. On the non-renewable side, members of the Legislative Assembly will be fully familiar with what has gone on with respect to energy negotiations with the federal government during the past year. Both those items have required particularly the senior members of the department, but other members of the department as well, to spend a lot of extra hours — a lot of weekends, a lot of nights — doing the work that needs to be done. Certainly I as the minister am very appreciative of what I think is outstanding support I have gotten from departmental personnel.

MR. DEPUTY CHAIRMAN: Has the associate minister any comments?

MR. MILLER: Mr. Chairman, I would like to reiterate what the minister said about the tremendous co-operation I have had from staff in my departments of lands, wildlife, resource evaluation, planning, as well as the foreign ownership people. They do a tremendous job. We have some exciting programs we're carrying out, and certainly it's something of which all Albertans can be proud.

MR. R. SPEAKER: Mr. Chairman, I'd like to raise two topics for discussion. One is the projection of revenues with regard to the sale of Alberta petroleum and natural gas production in the province; secondly, specifically some further comments on the MARS program or the program by which we are able to keep track of the revenue that comes to the government by way of natural resources.

One of the questions I was going to raise in the Legislature for the last six weeks or so is with regard to projection of revenues. In the work done by the department, in a paper of November 17, 1980, projected revenues for 1982 are \$5.9 billion. In our budget the projected revenues are \$4.6 billion, as I read the statement in the summary of non-renewable resource revenue. I wonder if the minister could comment on the inconsistency of nearly \$2 billion between those two projections. Is one underprojected? Is one more realistic than the other? Or is neither figure really reliable at this point? I suppose that relates to my first comments about the budget in terms of its credibility.

The second area I would like to explore further with the minister this evening is the MARS program: the staff being put in place, the expenditures being made in this budget to bring the accounting process up to standard. I'm sure the minister can give us an idea what is happening. In the discussion and questioning in this Legislature during question period, the hon. minister indicated to us and to the Member for Spirit River-Fairview that a deputy minister is being put in place. I'd also like the minister to indicate what other types of facilities are required. I notice some huge increased expenditures in the area of purchase of fixed assets. I wonder if the minister could indicate whether that's for more computer needs to bring this MARS program up to a standard and ability to meet the needs of accounting.

MR. LEITCH: Mr. Chairman, perhaps the hon. Leader of the Opposition could pass me a copy of the document, dated November 17, 1980, that he referred to. I would certainly not want to pretend that off the cuff I can explain differences between calculations, because I'd have to go back and take a look at the basis on which the numbers were calculated.

Mr. Chairman, looking at the document that's been handed to me, I take it that in referring to \$6 billion the hon. Leader of the Opposition was referring to the revenue for 1982. First of all, we're dealing with different periods when we deal with that number and the \$4.6 billion referred to in the budget. The budget forecast would be from April 1, 1981, to March 31, 1982. My quick glance at this indicates that the approximately \$6 billion is for the calendar year 1982, whereas the budget takes in only three months of that year. Obviously there would be significant changes in price because we're dealing with a much different period, and of course that would account for a significant difference. I expect there would also be some production differences, particularly in the Suncor plant. The expansion would clearly be anticipated for the full year of 1982; I'm not sure to what extent that was included in the budget.

Mr. Chairman, we'll constantly be revising these figures depending on our forecasts of the volumes of natural gas that would go to export and the price of that natural gas. That is a very significant portion of the total non-renewable revenue and changes very significantly from one estimate to another, because as we get additional information on what's likely to occur in the future with

respect to natural gas exports, we adjust our estimates accordingly and that relates not only to volume but also to price.

Just glancing at this document and recalling the budget forecast, those are the obvious differences that occur to me, Mr. Chairman. But essentially I can assure members of the committee that the basis on which the estimates would be made would be very comparable in either case. I think the changes would merely be due to changing circumstances.

The second question relating to . . .

MR. R. SPEAKER: To the minister, before we leave that one so we can keep all in the same order. If I recall the number on the paper, the estimate for 1981 was something like \$5.1 billion, which is even higher than the \$4.6 billion predicted in the budget. Would the reasons the minister has already given be the same reasons yet? As I recall reading the description, those figures were calculated by the department based on the best examination they could give and the least-optimistic projections they could make based on the October budget of the federal government.

MR. LEITCH: Again, Mr. Chairman, we're comparing two different time frames. That always makes it a little hazardous to compare estimates. It may well have been that between November 17, the date of publication of this document, and the date of the budget we changed our view with respect to the volumes and the price of natural gas that would go to export. As I say, a change in that area makes a significant difference in the total non-renewable resource revenue of the province.

MR. R. SPEAKER: Mr. Chairman, would the minister be prepared to examine that with his department and give some specific rather than general information to the Legislature? The reason I feel the information is significant is that this year in the Legislature we have talked about a deficit budget of some \$300 million. The question I raised the night the budget came into the Legislature was: is the budget valid or not? When I look at the projections that indicate even in 1981 more than \$4.6 billion is available and potentially more in 1982, I ask myself, which is right? If \$4.6 billion is the right figure, I'm sure there are some very rational reasons for that. Maybe the minister would like to take more time. I'd be prepared to go ahead with the estimates, and when the minister has that available he could possibly provide it through a memo.

MR. LEITCH: Mr. Chairman, I'd be pleased to do that. I can provide it by way of a response at the close of question period someday in the House or by memorandum to the Leader of the Opposition, whichever is preferable.

In the second matter raised by the hon. Leader of the Opposition, which was in respect of the MARS program, he referred to a deputy minister, which is not quite accurate. We recently appointed an associate deputy minister to be responsible in this area. We've appointed someone from the department, Myron Kanik, who has recently assumed that position. There are significant funding increases in the applicable vote to provide for additional personnel in the accounting area. As a result of assessment internally and in conjunction with the audit office and our consultants, it was our view that there needed to be a reorganization, an increase in staffing and in the qualifications of the staffing in that area. Addition-

al funds are provided in the applicable vote for that purpose.

With respect to the fixed assets, I'm not sure which number the Leader of the Opposition was referring to. It's not my memory that there's any appreciable fixed asset component relating to the MARS system in the budget.

MR. R. SPEAKER: Mr. Chairman, the one I was looking at was in Vote 1 — this is on page 139 — purchase of fixed assets, increased 90.2 per cent from \$124,000 to \$237,000.

MR. LEITCH: Mr. Chairman, while the percentage is large, the dollar amount is not very large, particularly when you're dealing with such things as computers. While I don't have at hand the particulars for those fixed assets, it's my memory that no appreciable sum of money is being spent in connection with fixed assets relating to the MARS system.

MR. PAHL: Mr. Chairman, I want to compliment the minister and the associate minister on the foresight they've shown in increasing the Vote 2 budget some 60 per cent from \$7 million to \$11 million to strengthen the resource evaluation and planning component of their department and of the government as a whole.

I'm passing those compliments on the assumption that that is part of the land-related information system that is co-ordinated by the Department of Treasury, and the increased budget will reflect the concept of a computerized data base to integrate the resource base of the province into a form that can be readily accessed. I would appreciate some confirmation or elaboration on that point. The only other point I would make is that certainly the idea of a larger contingency in the area of wildfire control is appreciated, and I acknowledge that a stitch in time saves nine. So one observation and one question with respect to the emphasis on the resource evaluation and planning.

MR. MILLER: Thank you, Mr. Chairman. To the Member for Edmonton Mill Woods: I appreciate the concern you've shown in regard to how important planning is in the province of Alberta, particularly because of the many user groups we have involved and the fact that, as you're probably aware, we are expanding the method by which we're mapping the province. I'm sure you've received the catalogue which shows the various maps available to the public so they will know just what the resources are and how they fit into our overall plan. We feel that before any development takes place, it is very necessary that adequate planning take place. Because of this, we have set up a resource evaluation committee within the various departments, where each department assesses the concerns they have in regard to a specific area and what type of development should be allowed to take place. We feel that this, along with our mapping program, puts Alberta in the leadership, as far as the provinces of Canada are concerned, in being able to direct the best use of our great resource which is our land base.

MR. PAHL: I wonder if I could just place a supplementary. Could the minister or ministers confirm that there is or is not an increased emphasis on computerizing that data base and the way it is accessed?

MR. MILLER: Yes, Mr. Chairman. I would like to point out that the benefits we'll receive from the mapping graphics system — it'll be an information base for all divisions — include improved planimetric base map, minerals base map, and administrative maps. We will provide a faster turnaround; reduce the staff turnover; facilitate the map interchange, overlays, and production; better utilize our and the department's manpower; and have the flexibility to expand an interface with all departments. The beauty of all this is that we will be realizing a saving of over \$1.5 million over the next five years.

MR. NOTLEY: Mr. Chairman, there are five areas on which I would like to put questions and make comments to both ministers. Before I do that, just one question on the MARS program. The minister indicated that Myron Kanik was going to be the associate deputy minister. Is this the Mr. Kanik who was in fact largely responsible for developing the program in the first place? Are we in fact promoting that particular gentleman to the position of associate deputy minister? Perhaps the minister could answer that directly and then we could go on to the other points.

MR. LEITCH: No, Mr. Chairman, Mr. Kanik was formerly the assistant deputy minister of policy analysis and planning.

MR. NOTLEY: Did this particular gentleman have anything at all to do with the development of the MARS program?

MR. LEITCH: Mr. Chairman, only as a senior member of the department, but not in a direct line of responsibility.

MR. NOTLEY: Then a supplementary question to the minister, Mr. Chairman. What particular abilities and expertise does Mr. Kanik bring to this? In view of the problems we've had with the program to date, obviously it's an important matter to get resolved. My question really is: what consideration was given to the selection of obviously a pretty crucial person to head up this program?

MR. LEITCH: Mr. Chairman, he brings a number of years of experience with the department, familiarity with the systems, and of course is very familiar with all the accounting and numbers work in the department. As a matter of fact, he was the senior person who prepared the material we've been using during the energy negotiations throughout the past few years. While his expertise is not specifically in the accounting area, if that is what the hon. member is asking about, in my judgment that is not a key factor. Because much more important for the person responsible for overseeing it is the capability of selecting people with the expertise, bringing all the people involved together as a team, and ensuring that the work that needs to be done gets done.

This was a competition. He was chosen in the usual way of competitions, where we have a selection panel. There were a number of applicants. They were narrowed down and interviewed. At the completion of those interviews, the unanimous recommendation of the selection panel was that Mr. Kanik be appointed to the position.

MR. NOTLEY: Just a follow-up question on that, Mr. Chairman. From time to time the government has talked

about the merits of bringing in people from the private sector. While from time to time I have had some difficulties with that viewpoint, it strikes me that this is one area where there would have been a good deal of merit in recruiting somebody from the private sector, considering the very substantial expertise we have, especially in our city to the south, of people who are extremely knowledgeable in sophisticated computer technology. Was any consideration given to this?

MR. LEITCH: Mr. Chairman, while I acknowledge the compliment paid to the location of my riding, I simply can't add to the response I gave earlier. The position was advertised, we felt we had a number of quality applicants, we had the review panel and the selection process, and it was the unanimous decision of the people on the review or selection committee that Mr. Kanik was the man best qualified for the position.

On a number of occasions we have certainly recruited from outside the public service, but again most of these are filled by way of competition. Applicants come from both outside and within the public service. I don't think there was any merit in saying we should go outside, in this particular case simply being able to say that we had gone outside.

As far as the technical aspects of the system are concerned, as minister I certainly wouldn't necessarily be looking for a person within the department who was the technical expert, because I think we can and have gone outside through retaining consultants for the technical expertise. So, Mr. Chairman, in this kind of position, as a minister, I would be placing more weight on the management and administrative capabilities and would rely, as we have for some little while, on outside consultants. I think we get the expertise in that way, and it's not necessary that we have it in a particular person in the department.

MR. NOTLEY: Mr. Chairman, just one further question before going on to the other questions. To the minister's recollection, were all the applicants for this position from the department, or were there any applicants from outside the department?

MR. LEITCH: Mr. Chairman, I couldn't answer that from my recollection. I recall that there were a number of applicants. I don't recall the number. I recall that there were a number interviewed, and again I don't precisely recall their backgrounds.

MR. NOTLEY: Mr. Chairman, I'd like to move from the MARS program. I think perhaps that's the sort of thing we should explore in more detail in Public Accounts rather than the estimates, where we're looking to the future.

I'd like to deal with five separate questions. The first is with respect to the government's view on what a netback should be or what the percentage of revenue should be to the companies in any revenue-sharing arrangement. We've had different figures. We've had the figures in the national energy plan, the figures the minister tabled last fall before we acted upon the resolution dealing with Bill 50. As I recall, the figures the minister tabled in the House indicated that about 51 per cent went to the industry, and we've had different figures by the federal government. I'm interested in getting some indication from the Minister, of Energy and Natural Resources as to what a reasonable netback to the energy industry is at

this stage. Obviously the question of revenue sharing is going to be one of the major elements of any new energy agreement. I don't want to get into the debate as to how much should be federal and how much should be provincial, but I am interested in what percentage the government of Alberta feels would be a reasonable figure to netback to the industry.

Along with that, Mr. Chairman, the other element of this question I'd like to direct to the minister is: we have the announcement of the continuation of ALPEP and a substantial increase in the drilling and geophysical incentives aspect of the plan. I'd like to know what particular review went into the decision to extend ALPEP. It seems to me that over the last few years the program — I guess it was announced in 1973 — has contributed in no small way to the exploration in the province; I don't think there's any quarrel with that. But that exploration has not substantially increased our conventional crude oil supply, but has led to a very substantial increase in the supply of natural gas. While that's fine — Canada's particular problems over the next decade are probably going to be much more related to oil than natural gas — what consideration has been given to reorienting the incentives so that we get away from a program that is bringing in at public expense ... Because incentive programs — whether the select price, the royalty tax credit, the royalty tax cut, drilling or geophysical incentives, the oil royalty reduction or the rebate — all mean either direct dollars or at least dollars which otherwise would be coming to the government in the form of royalties or tax income of one kind or another. The point I'd like to put to the minister is: in the review of ALPEP, was any consideration given to reorienting the direction of the plan? Because it seems to me that while we can talk about bringing in more natural gas, the difficulty in North America at the moment is that we have a soft market. We've got the government of B.C. very concerned about the market for natural gas; we've got people in the industry saying that the federal price is too high and we've got to bring the price down.

I raise that, Mr. Minister, because in the last few years surely one of the problems we ran into was that when we had what seemed to be a large supply of oil, we got into this business of exporting and exported some 2 billion barrels over a period of 10 years, which would now be worth an enormous amount of money in the international market place — unfortunately less than that under Canadian prices. It seems to me while over the next few years we're going to have a relatively soft natural gas market, that's not going to be the case 10 years from now. Is there not a danger that the incentives we've developed are leading us into finding more and more natural gas, and that builds up a surplus, and there's pressure on us to export that surplus at a price which is going to be one thing today but has the potential of being considerably more down the road? Are we not in a situation in 1981 where we could be repeating the situation from the mid-60s to the mid-70s, where a lot of crude oil that would be worth a good deal more today was exported, much of it at fire sale prices of \$2.80 a barrel? That's the first question.

The second question relates to oil sands plants. Last fall in question period the minister made it fairly clear that he felt \$38 a barrel was not an adequate price for oil sands production. Frankly, I think we need to get as much financial information as possible on the Syncrude venture, so we have a better idea of what the costs are and the public can make a sensible evaluation of com-

mercial terms. Government is going to have to cross that bridge. I don't expect the minister to cross it tonight in terms of answering that question specifically. Whether there's a go-ahead in Alsands or Cold Lake down the road is obviously part of the overall energy agreement. What I am interested in, and what I think members of this committee have a right to know, is as much information on the cost of production as we can get. Because as members of this House, we have to evaluate the commercial terms, and we can't evaluate in the dark. We've got to have information, and quite frankly it seems to me we haven't had that information on the Syncrude venture.

Mr. Chairman, the third area I'd like to deal with is with respect to energy conservation and alternative energy. I see there is an increase. I'd be interested in the minister specifically outlining for us what studies are anticipated this year especially in the area of alternative energy, and what the total amount will be. I've looked in both the elements book and the general estimates. We have an overall area there, but we don't have the thing broken down. I'd be interested in whatever specific information the minister can give to the committee in breaking down the estimates on energy conservation. Also the energy resources research fund: we had a forecast of \$11 million last year; nothing this year, nothing in the estimates. I'm not quite sure what that means. Perhaps the minister could advise us on that as well.

Those are the three questions I have as far as the oil and gas industry is concerned. While I'm on my feet, I think probably it would simplify matters if we deal with most of the questions in the general debate and then we'll go through the subheadings more quickly.

I'd like to direct one question to both ministers and one question to the associate minister. The question I'd like to address to both ministers is in this area of forest fire protection. We have seen an increase, and I appreciate that. There is an organization now that represents the native firefighters in Alberta. Frankly, I would like to see the government seriously consider some mechanism of certifying that organization so there can be a group that will speak for the firefighter. We had a lot of publicity last year. We now have more reasonable remuneration. No question about that. I would be less than fair if I didn't acknowledge it. But that's not going to be the situation forever and a day. What keeps these things in balance is having some organization that can speak for the firefighters who, for the most part, are native Albertans.

One of the native firefighters, in discussing this matter with me, made a suggestion that I think has considerable merit: when we look at firefighting programs for mega-projects — and that's going to be a relatively important matter — we should be looking at a contractual arrangement with native communities. What consideration has been given to that? What consideration has been given to blending the work of forest firefighting and standby work in spring with hunting and trapping in winter? In other words, what kind of package have we considered putting together in some northern communities? With a 60 per cent unemployment rate, these are the sorts of things we have to look at. They're not big things in themselves, but added together they can be important. I'd be interested in a response from both ministers.

Finally, Mr. Chairman, I want to deal with trappers' compensation. I am rather proud of the fact that perhaps no one has been a harder, more persistent fighter for trappers' compensation than August Peters, who happens to hail from Worsley in the northwest part of my constitu-

ency. I think he has served well on the trappers' compensation board. I would be interested, though, in learning from the associate minister what efforts have been made to advertise the trappers' compensation program. I think it's important that if we get a program like this under way — and this government has never been shy about advertising. Especially now that we're going to advertise all sorts of money, when we get to his estimates maybe the Minister of Government Services will know how much money we are spending on constitution advertising. I've had complaints, especially from native trappers, that there hasn't been the sort of public information available through advertising that there should be so people are aware of this program.

I want to take a moment to say in estimates what one can't really raise in Oral Question Period because of the rules and what have you. At a meeting of trappers I attended in early March — most but not all native trappers — there was a real feeling that this is an area where perhaps we should be looking at a form of affirmative action, if you like, and seeking out natives. First of all, they know more about trapping. I'm sure the average native knows far more about trapping than all the members of the Legislature combined. So they're knowledgeable about the area. One concern they had is that if we set out the normal criteria for the appointment, we're going to get somebody who works for the Department of Public Lands and Wildlife and doesn't have the background or knowledge in the area, and that we should make a special effort to recruit people who are basically trappers by background.

I don't think that's going to be a conflict. I realize the person is going to have to look at what has occurred and make a judgment. But it seems to me, Mr. Minister, that people who can make the best judgment are people who know what havoc cut-lines and exploration can bring to a trapper's income. Some members smirk. Well, we've had trappers who've lost a lot of money. If you get \$35,000 or \$40,000 a year from a successful trapping operation, and all of a sudden somebody comes along with exploration and that's reduced to \$3,000 or \$4,000, the picture changes. You're not entirely happy, nor should you be. It seems to me that we have basically a good program. But in developing the program, I'd be interested in where the minister sees that program going and whether or not we can move in the direction of hiring especially native people where practical.

MR. LEITCH: Mr. Chairman, perhaps I could respond to the comments from the Member for Spirit River-Fairview that deal with votes for which I'm responsible. First of all, he asked about our view as to the proper percentage of revenue which ought to go to the industry by way of netback. I can quickly say that I don't think there is a proper percentage. Really, when we're discussing netback to the industry, we don't work on percentages at all. I think it may be appropriate to discuss percentages when one is debating what should be the share of non-renewable resource revenue that goes to the province as the owner of the resource, as a taxing authority with respect to revenues from those resources, and the appropriate share of non-renewable resource revenue that goes to the federal government in its taxing capacity. But when we're discussing the appropriate share of the industry, in my view it ought not to be on the percentage basis at all. It's really a question of dollars.

Mr. Chairman, obviously that's an area in which a good deal of judgment is required to arrive at the correct

answer. Frankly, I approach it in this way. We want the industry exploring and developing in this province. The real question is what cash flow, what revenue flow, what netback is needed to have the industry exploring and developing in this province. That's really the way I would approach it. When one approaches it that way, then you not only have to look to the level of competition for the investment dollar within the province in other areas but also — and I think this is more important — to competing areas. What is the netback in competing areas? What is the netback in the provinces on either side of us? What is the netback in Canada's lands to the north of us and offshore? More importantly, what is the netback in the United States?

One doesn't stop with just determining the netback in those areas; one has to add into the equation the chance of success. Because an explorer will take a smaller netback if he's of the view that chances of finding the resource are greater than in a neighboring jurisdiction with a higher netback. So you need to take those things into account. Having done all that, Mr. Chairman, it's then a question of judgment, of how much is needed to have the industry continue to explore and develop within the province.

Certainly at the moment it is clear that Alberta is non-competitive in respect of netback compared with the United States. One can run the numbers very easily. They show the netbacks of the United States to be as high as six times as much as they are in Alberta. My personal view is that the chances of success are better in Alberta. I wouldn't argue that we need to go to the same level of netback as in the United States to attract the industry here to provide a high level of exploration and development. But clearly at the moment this is evidenced by people uprooting in Alberta and moving equipment, funds, and people to the United States. It's not easy, and this is being done to a major degree by small companies. These are not large, multinational companies experienced in operating all over the world and used to moving people and their assets back and forth across international boundaries. This is being done by smaller companies without that expertise and is a very hard decision for them. It's not easy for them to leave the area with which they're familiar and cross into a foreign jurisdiction. They are doing it primarily because the netback in Alberta today is just non-competitive with the netback particularly in the neighboring jurisdiction in the United States.

Finally on that point, Mr. Chairman, I don't regard it as a percentage. I think we're in competition — some within Canada, but certainly major competition from our neighbor to the south — for investment in the exploration and development area. It's a judgment which you really prove by trial and error, as to whether or not you are right. I think we've had the right number during the past several years in Alberta. We've had a very high level of activity, despite the fact that for some of those years at least the netback in the United States was higher.

Moving to the continuation of the ALPEP program, I would take issue with a number of statements by the hon. member. One was that it hadn't been very successful in bringing on additional supplies of conventional oil. I think one can take very sharp issue with that statement. In fact the geophysical work that led to the development of the west Pembina field which is directly related to our geophysical incentive program came into place, was done, solely because of that incentive and led to an appreciable addition to our conventional oil reserves.

The other factual statement the hon. member made in

connection with his comments on that program with which I take issue — he seemed to be saying, we shouldn't be providing incentives for people to look for additional natural gas because we have too much or more than we need; we have a surfeit. That really isn't accurate, Mr. Chairman. There are now in the system applications for the export of natural gas which cannot be granted, unless the National Energy Board changes its deliverability test. In short, the work that's been done on natural gas at this moment in Alberta has not established sufficient reserves, from a deliverability point of view, to enable the National Energy Board to grant applications that are either before it now or will be before it shortly for export of natural gas without changing that deliverability test. I should simply add that a number of voices argue that that test should be changed. Be that as it may, if it remains in place, there is a need for additional natural gas exploratory work.

The hon. member argues that there is a soft market. That is really not so, Mr. Chairman. It's a question of price. I'm not sure whether members of the committee are aware that for natural gas we sell for use in Canada, Alberta receives at the wellhead about \$1.61 per MCF. For natural gas we sell to the United States, we receive at the wellhead \$5.37 I think. There's a tremendous difference between the price we receive for natural gas used in Canada and the natural gas we sell in the United States.

Of course that higher price we get for the natural gas sold to the United States provides cash flow that will enable us to do the development we need not only in the conventional area but in the non-conventional area in Canada. The price at which it's being sold, which is what leads to the marketing difficulty, is the cost of imported oil. That's the formula. That's the agreement that exists between the federal government and the United States government for determining the price of natural gas. It's sold at the United States border at the same cost on a BTU basis as imported oil.

Now the difficulty with that pricing mechanism is that it doesn't take into account the competing energy sources in the areas into which the natural gas is going. For example, in California and the northwestern United States, it is not competing with foreign oil; it's competing with heavy oil, which is being produced in excess through the refineries and competing with electrical energy. So it's not being priced competitively with the energy source with which it's competing. That has led to the downturn in the market for natural gas, particularly natural gas exported by British Columbia to the northwestern United States, and of course natural gas exported from Alberta.

The argument the hon. member makes is: we'll keep it in the ground; it's going to get more valuable. It unquestionably will, but currently we have interest rates running at 18 or 19 per cent. It's a nice question as to whether it gets more valuable than the money invested at 18 or 19 per cent. Also people here are working in the industry. Are you going to shut it down and say, we won't have you go back to work until we're running out of natural gas. In my judgment, Mr. Chairman, that is not the route to go.

The other question raised by the hon. member was with respect to the price that ought to be paid for oil sands production. That is clearly related to the question of what revenue flow the provincial government will take on behalf of the people of Alberta who own the resource, and also as a taxing authority, and what the federal government will take as a national taxing authority. I

don't think there's any difficulty arriving at appropriate commercial terms in respect of those operations. One can make a very accurate judgment as to what level of return is needed before the investment will be made, and if the return turns out to be higher than that, historically governments have experienced no difficulty in taxing away anything that they conclude is an excessive return on the investment.

Finally, Mr. Chairman, the hon. member raised some questions about expenditures in respect of alternate energy research. There are really two areas. In the area of references made to increases of expenditure in the estimates book, I would simply advise the members of the committee that that relates more to our publication, our advising the public of the ways in which energy may be conserved. Essentially we have an energy conservation communications program, and that is what accounts for the increase within the estimates.

With respect to research in that area, the hon. member is quite correct in referring to the energy resources research fund and pointing out that there was no funding in this year's estimates in respect to that. Mr. Chairman, the reason is that we have funded that by way of special warrant, and do it after the joint committee of Alberta and federal officials have decided on the programs that should be funded and decided on the budget. The moneys are then provided by way of special warrant, and essentially come from the payments made by the federal government to the province pursuant to an agreement entered into some years ago.

We file with the Assembly a report of the Alberta/Canada energy resources research fund, which sets out all the projects funded and the amounts in which they are funded. I have not yet received the report for the fiscal year ended March 31, 1981. I expect it ought to be along shortly. Of course when it is we'll file it with the Assembly. The funding provided for the last fiscal year was in the order of \$11 million, and that was provided by special warrant.

Mr. Speaker, the last question dealt with considering some mechanism to recognize the firefighters. I simply want to advise the members of the committee that we have had a committee from the Alberta Forest Service working for some months now with representatives of the firefighters. We had worked out a resolution, not only on the question of pay but also working conditions. All the reports I received with respect to that committee are that it's worked very well. I think we have reached an arrangement for this year, which was implemented just recently by ministerial order, that is very well regarded by the firefighters, from all the information I've received. Certainly in my view it was a very fair arrangement, worked out after appreciable and detailed consultation with representatives of the firefighters. They certainly did an outstanding job for the people of Alberta last year, and we're just delighted to have such a force as part of the department.

MR. MILLER: Mr. Chairman, I could respond to the hon. member in regard to the trappers' compensation program. I concur with his admiration of August Peters, a fellow we can all be proud of, who is the chairman of the Trappers' Association and an excellent chap who does a great job for the trappers.

It hasn't been brought to my attention that such a program hasn't been advertised fully enough. In fact it was one of the recommendations that was brought forward by the trappers' board itself. I have had correspond-

ence from the Metis Association, and the Minister responsible for Native Affairs has mentioned that native groups have also mentioned it. Possibly they know about the program but they don't know how it's administered.

In this regard I would like to inform the committee that, as you are aware, we are advertising for three trapline inspectors, who will be regional people: one possibly stationed at St. Paul, one at Peace River, and one at Rocky Mountain House. Their job will be not only to help the trappers who have cutlines going through their property, but also help them in regard to increasing the profitability and maximizing the use of their trapline. We hope this, along with the education program we have for trappers, will be able to increase their income significantly.

I would like to say that the trappers' compensation board has met. They have made some awards, and the program is working out quite well. We think it will be successful.

MR. WOLSTENHOLME: Mr. Chairman, my inquiry is to the associate minister. Regarding the hiring of a consultant to review the big game hunting system, I wonder if the minister could tell us how that review is coming along and when it might be completed. Would it be completed in time for this fall's hunting season? Is there any intention to employ more enforcement officers for the hunting season? These are concerns of some of my constituents.

MR. MILLER: Yes, Mr. Chairman. We have had a study carried out by the Sage Institute in regard to the administration of big game management and all aspects of how we're administering the department: allocations, permits, et cetera. That is an ongoing study which we hope to have completed within the next short while. They have had some recommendations which the committee is looking at. Hopefully their recommendations will be forthcoming in the next little while.

In regard to employment of more staff, in some areas we have increased the number of enforcement officers. As you're aware, we also have a system of regionalization to make better use of the people in the departments. We think this along with improved communications will give better service to the public.

MR. WOLSTENHOLME: Supplementary, Mr. Chairman. In regard to ungulates, is there any further action to control them, the hay stacks and so on, other than the providing of slabs to put up against them? Is there any idea of decreasing the size of the herds, a longer hunting season, or a more concentrated effort for hunting so the ungulates won't be such a problem?

MR. MILLER: Mr. Chairman, this concern has been expressed in the area particularly south of Calgary, where we've had an increase in the elk population, primarily due to the mild winters we have had for the last two years. We do have a fencing program. As well, electronic scaring devices have been developed, which we are experimenting with and which are working extremely well. Along with this we are looking at increasing the number of animals allowed to be taken by permit. This will be done by either increasing the number of permits issued or extending the season.

I should point out that the number of authorizations increased dramatically this past year. Two years ago I

think we had 38,000 authorizations to deal with. This last year was over 70,000 authorizations.

MR. COOK: Mr. Chairman, I'd like to begin by saying that in the short two years I've been in the government caucus and Legislature, I've been continually impressed by the sense of resolution and determination of the hon. Minister of Energy and Natural Resources, and I really have a great deal of respect for him.

DR. BUCK: Just don't let him run your campaign, Merv.

MR. COOK: Walt, any time you want to run, I'd be glad to help you lose.

I want to talk about one area, energy conservation. It's an area of some interest to me. Mr. Minister, I'm thinking of Alberta about 20 or 30 years from now, when we have an economy where our conventional oil and gas have largely been run through the system and we're on more expensive feedstocks from the tar sands plants and relying on more expensive tertiary recovery oil. Faced with those higher energy costs and having lower returns to the provincial treasury, I'm concerned that we might have a problem if we don't encourage our citizens to become more conservative in the use of the natural resources we have.

I'd like to pay tribute to your increase in the budget for the energy conservation branch of the department. For example, the Harvard Business School has released a report that points out that in a sense energy conservation is the next major energy resource for the western industrialized economies. It's the greatest area where we can make economies. Is there any policy statement of the Alberta government that energy conservation is or will be a key factor in planning the general policy of the government, not just in trying to conserve energy with the million dollar budget we've got with the government basically, but trying to shape the economy so it's lean, efficient, and able to withstand those higher energy prices and the drop in Alberta revenue we're going to have in the next few years?

MR. LEITCH: Mr. Chairman, the remarks the hon. member makes with respect to energy conservation are very valid. Quite often the barrel of oil one saves or the MCF of natural gas one doesn't use is more valuable than finding an additional barrel of oil or MCF of gas. I should also draw to the hon. member's attention that all the government's conservation thrust is not in the Department of Energy and Natural Resources. There has been a good deal in energy conservation done in other departments. As I recall, the Department of Advanced Education and Manpower and the Department of Education have made funds available to schools and postsecondary educational institutions with respect to insulation and things of that nature which will reduce their energy consumption. In addition, in the Department of Housing and Public Works large sums of money have been spent on insulation and things of that nature to ensure that we use less energy in government structures. We simply have rising prices.

Probably the best motivator for using less energy, and the thrust within the department, is to make sure people are aware of the ways in which they can use less energy. I have no hesitation in endorsing the concept that conservation is perhaps the best energy source of all. It's the most readily available and can be implemented very easily. I think the key thing that needs to be kept in mind is

that energy conservation really involves millions and millions of individual decisions. Those decisions are made substantially in relation to the cost of the energy.

One can see energy conservation being practised throughout the whole province in new buildings that are going up. A year or so ago in Calgary I had occasion to open a major new office complex which uses about 20 per cent of the energy that would be used by a comparable complex built a few years earlier. In a sentence, Mr. Chairman, I guess we encourage energy conservation in government by practising it in a number of ways, and through this department in ensuring people are aware of the ways energy conservation can be practised.

Another program we've had was the energy bus program which toured the province. Its objective was to familiarize people who do not have expertise in this area with the ways in which energy could be conserved. We were aiming primarily at the small business person within the province.

MR. COOK: One supplementary question, Mr. Chairman. In a sense, though, the government of Alberta has intervened in the market place by injecting subsidies for the cost of home heating or industrial processing. In a sense we have gone against that basic thrust of using the price mechanism to encourage the consumer to conserve. There isn't really a great deal on the other side to compensate for that one-third price subsidy we have provided to Albertans as a shelter, which in effect shelters them from facing the real world. I wonder what the effects of that might be in 20 or 30 years, when we have the energy consumption pattern set in our buildings and industrial processes and are faced with higher costs in a province perhaps not able to afford the very massive costs of maintaining that one-third price subsidy.

On the supply side we're doing a very good job in conservation, but on the consumption side we're working at cross-purposes by actually encouraging Albertans to be in some measure a little profligate. I want to echo the sentiments of the minister, that energy conservation is millions and millions of decisions by 2 million Albertans and the government. I guess my question is simply this: is the minister's energy conservation branch the policy branch for the government that would advise the Department of Education on energy ideas, Utilities on their subsidy program, or any other government departments or agencies creating policy or programs that would have an impact on energy conservation? Would the minister's energy conservation branch be the focus, if you like, of developing a conservation program for the whole government, recognizing these millions and millions of decisions are going on? Are we trying to focus them?

MR. LEITCH: Mr. Chairman, I don't know that I would refer to it as a focus, but I would say that the enthusiasts in the energy conservation branch of the department talk about energy conservation to anyone who will listen at any time they will listen. I've no doubt that they express their views to those in government who may have some role to play in energy conservation.

On the hon. member's earlier point, one can recognize the theoretical accuracy of his comments, Mr. Chairman, but my impression is that the price of natural gas in Alberta has been rising sufficiently rapidly in recent years to attract the attention of all Alberta natural gas users to the wisdom and value of conservation.

MR. DEPUTY CHAIRMAN: For the interest of members of the committee, the hockey score, with a few minutes to go, is now 3 to 0 for Calgary.

MR. SINDLINGER: Mr. Chairman, thank you for passing that score on to us. That makes it 3 to 2 if we can win tonight. There's only two more to go for Calgary to come back here, and we'll have the Stanley Cup championships in Alberta for the first time.

Mr. Chairman, I'd like to pick up on two points, the first made by the Member for Spirit River-Fairview and the second by the Member for Edmonton Glengarry. The comment by the Member for Spirit River-Fairview was in regard to what would be considered a reasonable netback for the oil producers. The minister addressed that question indicating that it would be a matter of judgment.

Rather than starting at the point of the netback for the oil producers, I'd like to go right to the market place and consider the price for oil. It's been said that the price for oil will attain oil self-sufficiency for Canada. I think that's not strictly correct. I don't think that will attain oil self-sufficiency for Canada. What it will do, however, is lead to the point the Member for Edmonton Glengarry made; that is, it will induce conservation among Canadians. A higher price for oil will signal to Canadian consumers that oil is a very scarce commodity and is becoming rarer all the time. Therefore as consumers we ought to use less of it, use it more efficiently, and use substitutes. That in itself will bring down the consumption of oil somewhat, but it will not find new oil for us.

Since 1973, when the price for oil has been increased substantially in quantum increases, the economic history of the world has indicated that this conservation does not happen overnight. It's a long-term effect or impact. Indeed, over the years 1973 to 1978, most of those countries that did not have any indigenous oil production experienced very little reduction in consumption, even though they were paying world oil prices. The first major change evident in consumption occurred in the United States over the last two years. In fact over the last year the United States has reduced its oil consumption by about 7 per cent.

The difficulty in reducing oil consumption is that we have such a large capital infrastructure, and it's not possible to change your production patterns overnight. Changing your consumption patterns also means changing your infrastructure. So by increasing our oil prices to reduce consumption, we're entering into a long-term program, and we have a long way to go yet.

I could say that I support a move by Canadians to a world price level. However, I support a world price level in order to induce conservation in Canada, because that world price level will not find all the oil we need to make ourselves self-sufficient. There isn't one oil company in any country in the world that is actually receiving world price for oil. They receive much less than that. There is a world price paid for oil, but that world price does not go to the oil companies. A major portion of that world price goes to the governments in those countries.

So that brings us to the point the Member for Spirit River-Fairview brought up. What is a reasonable netback for the oil producers? The minister replied, well, that's a matter of judgment. Indeed it is a matter of judgment. But it creates a great deal of concern in the minds of Canadians when they consider that over the last few years many of the major oil companies have been reporting profits of 90 to 180 per cent. Now those are the majors. There's no reason people shouldn't question why oil

companies should get more for their production. Profits in that order of magnitude are exorbitant in any industry. The difficulty with the oil industry is determining what is a reasonable rate of return or netback. It's very difficult to say what that should be.

In terms of conventional oil production in Alberta, it's my understanding that the cost of producing that conventional oil is in the range of \$4 to \$7 per barrel. Now would it seem reasonable to pay an oil company, say, \$44 per barrel for oil that it cost them \$4 to \$7 to produce? I don't think so. Perhaps the next range is in tertiary development or enhanced recovery. Of course the cost for that is much higher than it is for conventional oil. I don't know just what that cost is, but I've seen estimates of it being in the range of anywhere from \$12 to \$26 per barrel. Now would \$44 or \$40 per barrel, the world price for oil, be a reasonable amount to pay for oil that was produced at, say, \$10 to \$26 per barrel? I don't think so. Perhaps the next level is the oil that's been more difficult to find: in the deeper zones, back in the foothills, and more especially in the Beaufort, arctic, and offshore areas. Of course it's much more expensive to develop oil there. I'm not too certain just what the cost of production is there, but it is very close to the world price of oil. So now we're getting into an area where we can say that we can judge what a reasonable netback for producers would be.

The minister indicated it was a matter of judgment. I still don't know where it falls. But there's one area — I think the minister noted this as well — where we can be a little bit more specific: tar sands development. Tar sands development doesn't entail the inherent risk and uncertainty that conventional oil production, exploration, and development entails. The reason is that the deposits are pretty well known and in place. It becomes almost like a manufacturing process. So the cost of production is known. I felt perhaps the minister was referring to replacement costs and cost of production in some of his opening comments. Perhaps he might elaborate on his position in that regard, inasmuch as the federal government once placed a great deal of emphasis on pricing oil on the basis of replacement cost.

The question I would like to lead up to now in regard to the oil sands development is this. The provincial government's position last year in regard to its total energy package contained one element where the provincial government would provide equity in tar sands development. What rate of return was anticipated for that tar sands development, given the relative degree of certainty we have in regard to tar sands development and production costs?

Going from there, perhaps I might go a little further into the oil pricing negotiations under way with the federal government today. In my opinion, this is a public matter and we are public officials. I would like to see more of those negotiations in the open. The energy impasse has created a great deal of investment uncertainty, indeed uncertainty in all areas of this country, yet very little is known about the position the governments are taking. Bearing in mind the response the minister gave to questions in the question period today about not wanting to do his negotiations in public, perhaps I might just ask if either side in these negotiations has indicated a change in concept or direction, as opposed to inquiring about details and mechanics? Certainly we might be able to get an indication in that area.

While I'm on my feet, I might also ask the minister if any review has been made in regard to the efficacy of the

oil production cutbacks which were implemented last year. In doing so, perhaps we might be given an indication of how much oil production has in fact been held back, and what the loss of revenue has been to the province of Alberta. In regard to the loss of revenue, I would like to emphasize that it's a loss in revenue to Alberta and not the total loss of revenue from the price of a barrel of oil; bearing in mind, of course, that the price of oil has three components: that which goes to the producers, that which goes to this province, and that which goes to the federal government.

I would also like to ask the minister if there has been a monitoring or review of the drilling activity in the province, not only since the national energy program last fall but over the last three years, giving due consideration to the fact that we had a surplus of drilling rigs in this country for two reasons: because of the magnanimous drilling incentive program we have in this province, and because of the high expectations the drilling industry has for gas sales to the United States. We've already touched on the surplus market — soft market, pricing market, or whatever, depending on whose point of view we look at — in regard to the markets in the United States. There's no questioning the fact that we do have a surplus of gas in this country today. I have a great deal of uncertainty about just how real that surplus is, or whether it's more apparent than real.

Over the last 20 years we've gone through a lot of statistical and mental gyrations in regard to energy supply in this country. From time to time very credible, authoritative, confident, capable sources have said that we have energy surpluses that will last us 100 years; the next day we have the same capable, confident, authoritative, credible sources coming back and saying, we have an energy crisis and we're going to be out of oil and gas in 10 years. As these things go up and down, so does my understanding. I'd like to have an idea of where we're going in that regard. I also understand that many of those oil rigs that have been moving south of the border to the United States do so in any case. Most of those going south have been dedicated to drilling for natural gas. So in assessing the efficacy of the oil production cutback, in indicating how much oil actually has been held back, what the revenue loss has been, and in reviewing the drilling activity, perhaps the minister could indicate to what he attributes the decline in drilling activity by a causative factor, rather than just generally saying, everything is due to the national energy program. Certainly that's not the case.

I think I'll leave it at that and wait for the minister's comments, and perhaps pose some supplementaries. Thank you.

MR. LEITCH: Mr. Chairman, I'll endeavor to answer the questions in the order in which they were asked. The first one was what rate of return did we expect in relation to the investment to which we'd committed in general terms in the offer of July 25, 1980, made by the Premier to the Prime Minister. I think the short answer to that is that we hadn't arrived at fixing the rate of return we had anticipated. That would have been done sometime down the road. At the time we made the commitment, the actual investment would have depended on our assessment of the costs, revenue flows, risks, taxation levels by the federal government, and so on. Unquestionably we wouldn't have made it, at least in my judgment, unless it would have yielded a rate of return to the Alberta Heritage Savings Trust Fund commensurate with the risk. While I notice the hon. member refers to the risk there

being less than it is in the conventional industry, that may be so. But I think one need only review the history of Suncor and Syncrude to very rapidly come to the conclusion that there's an appreciable risk there.

One moves to the proposed plants, and certainly an assessment of Cold Lake by anyone competent in the area has not been made without drawing attention to the particular risk that may be involved, in what is essentially moving to a commercial operation without a great deal of history in that particular type of operation. We were asked too about either side in . . .

MR. SINDLINGER: Mr. Chairman, if I might ask a supplementary question for clarification purposes, please. It was my understanding that as part of its energy package in the negotiations with the federal government the Alberta government did offer to provide equity into a tar sands development. Is that not correct, that there was a specific offer to provide equity, and what was the order and magnitude of that equity?

MR. LEITCH: Mr. Chairman, the offer was public information. My memory is that it was a commitment to provide up to \$7 billion by way of debt and equity. But the hon. member shouldn't jump to the conclusion that we were going to provide that equity, that it was there at that moment for someone to call on. That was a statement of concept, principle. Assuming we go down the road to finalizing agreements with these proposed developments — and incidentally, that related to the next three oil sands plants. There was a lot to be done yet before you actually reached the point of writing the cheques. Certainly on that offer we did not write a cheque that someone could pick up, put in the bank, and use to build a plant. Obviously much had to be done between that offer and the time you actually invest the funds. So we weren't down to saying, we'll make that offer; this is the rate of return we expect to make from that investment.

While I'm talking about rates of return, I should point out that it's one thing for government to invest in these matters and another for the private sector, because government doesn't pay any income tax. I don't think I should let that comment go by, by saying the more government invests in those projects, the more it throws the income tax burden — because governments still need to raise the same volume of dollars on the remaining private sector.

The next question was whether there were any new . . .

MR. SINDLINGER: Excuse me, I have another supplementary on the first question. Again for clarification, if you would, please. You've indicated that the Alberta government, in your words, made a commitment to . . .

MR. DEPUTY CHAIRMAN: Would the hon. member use the ordinary parliamentary language, please.

MR. SINDLINGER: Yes, I will. Sorry. I apologize to the hon. minister. The minister indicated that the Alberta government, in its offer to the federal government last year, made a commitment of up to \$7 billion in tar sands. I'm finding it difficult to accept the fact that the government would make this offer in principle and then, perhaps sometime down the line after they've done their homework, say, whoops, the rate of return for this thing isn't adequate, and then pull it back in. I think that once a government, an individual, a private business has made a commitment to invest some money, if they're negotiat-

ing in good faith, that offer has to stand. I find it incomprehensible that a government would commit \$7 billion to a project yet not know what the rate of return is. I doubt there is any member in this House who would take his money to a bank or invest it in anything else without knowing the expected rate of return. Yet here is \$7 billion and the minister is telling us they did not know what the rate of return was. I can't accept that. That's not good enough. I think what you could say that would be acceptable is that we did do our homework and we did identify a reasonable rate of return, and that's all we're asking for.

MR. LEITCH: Well, I'm glad I'm not doing business with the hon. member.

It was very simple. We said, we will invest \$7 billion in debt and equity. We didn't make any division . . . We made that as an offer. Now any sensible person on the other side understands that is on the implied condition that you arrive at acceptable terms when you get down to the actual construction of the plant. I have never heard of anyone, except the hon. Member for Calgary Buffalo, who thought that would mean someone could phone us up later on and say, hey, send us a cheque for \$7 billion. Nobody we were ever talking to at any time during those discussions would have reached that conclusion. No one would suggest that we had in any way broken faith if we had said, hey, wait a minute, what is it going to be in, what's going to be done, who's putting in the investment, what are the terms, what are the taxation intentions, what are the prices for the products, and so on. I just can't detain the other members of the committee very much longer in responding to that suggestion or argument.

The next question was whether, in the discussions with . . .

MR. SINDLINGER: May I ask a supplementary? We have set the precedent. The minister has allowed me to ask supplementaries on the questions as they arise.

The minister has referred to any sensible person on the other side of the room. I might reply in the same kind to the minister. I find it incomprehensible that anyone would undertake any type of investment without knowing what the rate of return would be. If that's the way the minister does business, I might say to him that I have a bridge you might be interested in as well.

MR. PURDY: I have some difficulty with the supplementary question in that particular vein.

MR. LEITCH: I have a little difficulty with the hon. member's comment. I thought it would be clear to anybody that that was not the kind of commitment that led to a cheque being issued. Much had yet to be done. Any suggestion which the hon. member has just made, that we've made a commitment that we're going to pass over the money without knowing the terms, is ludicrous. That plainly was not what we were doing.

If there are no further supplementaries, Mr. Chairman, I'd go on the next question, which was whether in these discussions new approaches or new alternatives had been raised by either side. I reported to this Assembly, following the meeting of April 13 in Winnipeg, that some new approaches had been considered, and really have nothing further to add to that report.

Moving on to the next question of how much oil has been cut back, I don't have the current figures. The production was appreciably more than 60,000 barrels per

day during the first month of the cutback. I anticipate that during the three-month period, which will end this month, May 31, the average reduction in cutback will be somewhat above 60,000. I don't know the actual number yet. I won't know until after we get into June and all the figures are in. As I mentioned at the time of the cutback, it was an estimated figure because we had no way of knowing for certain what plants would be shut down. The basis of our reduction was that it would be an average of 60,000 barrels a day less than what otherwise would have been produced. To determine what otherwise would have been produced involved an estimate of the shutdown of the processing plants during that period, because they determine the volume that would be produced.

As to the amount of money lost, I take issue with the question of lost. The oil is not gone forever because it wasn't produced. It is still in the ground. It will be produced at a later date. To work out the financial implications of that, one needs to estimate when it will be produced and the cost and the selling price of their producing it. But it's quite inaccurate to refer to it as being lost; it is being postponed or delayed.

The hon. Member for Calgary Buffalo talks of the . . .

MR. SINDLINGER: Excuse me, Mr. Minister, please. Again on that point — and I thank you for letting me ask the supplementaries as you address each one. I hope that at no time did I infer or imply that the oil left in the ground would be lost forever. I think perhaps somebody else said that, because I wouldn't have. However, I would point out that oil is not like a water tap. You can't just turn the tap off, turn it back on again, and expect the same amount of oil to flow as was flowing before.

MR. KNAAK: On a point of order, Mr. Chairman. I think the Chair has recognized that the Member for Calgary Buffalo can ask supplementary questions, but I'm not sure whether supplementary statements interrupting the minister are included.

While I'm on my feet, I think it's absolutely ridiculous to suggest that you can ask for a rate of return when you're in a state of negotiations and trying to come to an agreement on price, timing of price, and timing of completion of the project. What kind of nonsense is that?

MR. DEPUTY CHAIRMAN: The Member for Edmonton Whitemud is not dealing with a point of order and the Member for Calgary Buffalo has the right in committee to ask supplementary questions and make particular statements.

DR. BUCK: Back to the drawing board, Knaak.

MR. SINDLINGER: Thank you, Mr. Chairman. At no time would I ever wish or want to be discourteous to any member of the Legislative Assembly. If I have by interrupting the minister, I apologize to him and members of the Assembly.

Mr. Chairman, the point I was trying to make was with regard to cutting off oil. It's not possible to cut off oil like one turns off a water tap. One can't turn an oil well off and on and expect the same type of flow to occur after stoppage has occurred. I believe the government gave consideration to this fact when it allocated the production cutbacks according to a particular field. Given that foresight and consideration beforehand, I would ask the minister if, in the reviews or the planning they've done, there will be any appreciable reduction in potential or

future production due to the turndown at this point in time; and secondly, whether there will be some sort of program in reserve to compensate those producers and owners who lost the production capacity or deliverability due to the slowdown or production cutback.

MR. LEITCH: Mr. Chairman, to respond to that, one has to know the extent of the reduction, how long it's going to last, and make some assessment of what the results of that may be. We're certainly not far enough in this issue to form any conclusions on that today.

Mr. Chairman, moving on to the question of monitoring of drilling activity, yes, we do get information within the department as to drilling activity. My information conflicts very sharply with that expressed by the hon. Member for Calgary Buffalo a few moments ago. For example, in the fall of 1980 we had 580 drilling rigs in the western sedimentary basin. At that time the information I was receiving from the industry associations was that it would take roughly 600 drilling rigs to do the work they had anticipated would be done in the next year. So far from having a surplus of drilling rigs as far as industry was concerned, in the fall of 1980 they would have needed to add to the fleet of the western sedimentary basin in order to do the work they had contemplated doing during the coming year.

I should also call to the attention of the committee the member's suggestion that the rigs were going anyway. The information I have is that in 1980, prior to October 28, two rigs went to the United States, and they had been pre-ordered by people in the United States to be manufactured in Alberta. I haven't got the accurate count as of now. I think we are nearing the 200 mark of rigs going or committed to go to the United States subsequent to the budget of October 28, 1980.

There isn't the slightest doubt in my mind at all — and that comes from reviews within the department and discussions with people in and close to the industry. I can say without the slightest bit of hesitation that that outflow of primarily Canadian equipment, key Canadian technical people, and key Canadian funds can be attributed solely to what occurred on October 28.

MR. SINDLINGER: On that point, Mr. Chairman. I don't want to imply that all rigs are leaving solely . . . Let me try this another way. The minister indicated he doesn't have the slightest doubt that all rigs leaving are due solely to the national energy program. I concur that some rigs are leaving this province and the western sedimentary basin because of the national energy program. But I would contend his slightest doubt that they're all leaving due to the national energy program. Perhaps as time goes on we can have a review and assessment of rigs that left the province and the western sedimentary basin, and ascertain exactly how many left because of the national energy program and how many left because of ancillary problems.

MR. PAHL: Mr. Chairman, perhaps I might contribute to what I think is a question of semantics the hon. Member for Calgary Buffalo is laboring under. I think there has to be a distinction between drilling rigs that leave the country and drilling rigs constructed in Canada for buyers in the United States. I think there is a distinction there. A drilling rig that leaves Canada would be a rig that is in operation, that was previously committed to a contract in Canada that has terminated and then seeks work in the United States.

Adding to that, I'd inquire whether the minister would be able to provide us with any information as to whether any drilling rigs that left Canada in the early 1970s as a result of a problem with respect to revenue sharing have ever returned to Canada.

MR. DEPUTY CHAIRMAN: Before we continue with the minister's answer, for the interest of hockey fans, the final score was 3 to 1.

MR. LEITCH: Mr. Chairman, I'm not sure I can answer whether any rigs that left in the mid-70s have returned to Canada. My impression is that some of them did, but I think it would be very few. In my judgment, rigs that left on this occasion would be exceedingly difficult to get back, certainly within the short term.

I made a visit to Houston not long ago and discussed with people involved in the industry and in signing up Canadian rigs — they are signing them up for relatively long-term contracts, two years or so. So the rigs moving there are committed for a fairly lengthy period of time. And it is expensive to move a rig. Assuming the competition in the United States by way of netback, which we discussed earlier, remains high, it's difficult to see those rigs leaving that netback and incurring the expense to come back to Alberta. So in my judgment it's going to be exceedingly difficult to get any appreciable number of those rigs back, if we can get any.

I'm just reviewing my notes. I notice I didn't respond to some comments made by the hon. Member for Calgary Buffalo regarding energy surplus, and not hearing these different energy supply numbers and being uncertain as to which ones could be relied upon. Certainly, Mr. Chairman, there is a good deal of confusion in the public about that. Frankly, I've never been troubled with that over the past number of years. I found that all those conflicting numbers one heard about could be quite easily resolved if one simply took a closer look at what they were saying. I've heard estimates of immense oil reserves in Alberta, and they were accurate. But they were not talking about the economically recoverable reserves. If one just paid a little closer attention to the words used, one would observe that that wasn't what they were talking about.

We've had an Energy Resources Conservation Board in this province for a great many years. One of its functions was to issue reports indicating the quantities of hydrocarbon resources within the province. The board has very carefully defined those that were economically recoverable, those that they thought might be there, and so on with a variety of terms to describe the various hydrocarbon resources we had. All the conflicting statements I've heard over the years, which on the face appeared to be conflicting, could be quite easily resolved when you simply looked at the qualifying remarks used by the spokesman that normally passed unnoticed.

We've used oil reserves of immense size within this province in the oil sands and carbonate rock, which one rarely hears about. It's one thing to speak of those reserves as being there when we know they're there, but it's quite a different thing to use them in terms of oil that's going to be available at an economic price in the immediate future. To any members who have difficulty or feelings of uncertainty about the volumes of hydrocarbon reserves in this province, I recommend reading the Energy Resources Conservation Board's supply reports.

MR. SINDLINGER: Mr. Chairman, there's no question that the Energy Resources Conservation Board is a recognized authority on this area, not only in our province and our country but worldwide as well. Many countries have come to the Energy Resources Conservation Board and modelled their own regulatory authorities after that agency. That agency in fact has a very credible track record. However, they did fall prey to the same fallibilities the oil industry did over the last 20 years, and have had their shortcomings in energy forecasts as well.

I used to characterize it not as an energy crisis or an oil supply crisis but more as a price crisis. It is true that what price you put on the resource will determine how much of the resource will be exploited. Depending on the price of oil, we can come up with different quantities or forecasts for reservoirs in production.

Two questions that I'm not sure we've addressed completely yet are with regard to the netback due to producers. That begs the question if we can in fact determine what the netback should be, what is reasonable — and the minister indicated that's a matter of judgment. Well that leaves the other two components yet undetermined; that is, the revenue share that should go to the federal government and the revenue share that should go to the provincial government.

Over the last few months we've had a great deal of difficulty with public debate about exactly what the revenue split was between the federal government and the provincial government. There was one time last spring when it seemed the parties were agreed that the province of Alberta got something like 45 per cent of the revenue share. After the national energy program, it was said that the provincial government would still get a comparable amount in the order of 43 per cent. However, the Alberta government contended that figure and said it was something more like 28 per cent, if I remember correctly. I do recall that officials of both governments spent a great deal of time trying to reconcile the differences of those two things. I ask the minister if that reconciliation has been done. If so, what is the agreed apparent revenue split between the two governments at this point, given that reconciliation?

The second is with regard to the tar sands again. I'm certain that most people in this province were heartened to hear the comment made by the chairman of Husky Oil, in that they were willing and were going to participate more in the development of heavy oil sands in northeastern Alberta. My question to the minister would be: given the present regulatory conditions in the province, if we see Husky indicating a willingness to go into this area, are there other companies that would be willing as well? Has the minister been approached by other companies on an exploratory basis, not a development one, to see what the possibilities and prospects are for them in that same area?

I'm asking that question because there is a great deal of unease among the population in regard to the deadline imposed for regulatory approval by Esso and Alsands. There's a great fear that if these two companies pull out when they say they will, what will happen to our development up there? Will it be lost forever, bearing in mind the fact that these things can't be turned off and on either? Once something like that is shut down, it takes many years to get people together to start it up again and accumulate the financial backing. If the minister has been approached on an exploratory basis by other companies willing to participate in the exploitation of the tar sands and heavy oil, I think it would certainly put the minds of

Albertans and Canadians at ease in regard to their quest for energy self-sufficiency.

MR. LEITCH: Mr. Chairman, dealing first with the question of whether there's been an agreement between the federal government and the Alberta government on the revenue split, I thought I'd dealt with that on a number of occasions, and made it very clear that there hadn't been agreement and I certainly never expected there would be agreement.

What our respective officials were doing was ensuring that we each knew how the other side was calculating its numbers, how it was arriving at its numbers. Having done that, we would then at least have an appreciation of the mathematics involved. But certainly I never would have anticipated that we were going to come to agreement on which government was getting what percentage of the total revenue.

For one thing the federal government adamantly refuses to include in its share of the revenue the petroleum levy, or at least a portion of the petroleum levy. In our judgment, we can't find any logical reason for excluding that. It's a tax put on by the federal government at the inlet side of the refinery, and of course is paid by the consumer. But they declined to include that in their share of the revenue.

There are a number of other instances. For example, when dealing with the 45-10 split commented on so often, say for the year 1979, the federal government didn't include the moneys they received from the export tax on oil. And again one finds it pretty hard to understand why the money that's collected on a barrel of Alberta oil exported to the United States through the federal export tax isn't regarded as part of the revenue flow from non-renewable resources to the federal government. Incidentally if you took into account that export tax revenue to the federal government in 1979, the split to the federal government was just under 14 per cent. But there are other areas in which ... While we'll agree that the numbers should be included and we agree on the method of calculation, then you apply judgment factors, which lead to a great difference in the numbers. And we're not going to agree on those judgmental factors.

For example, the federal government thinks there's going to be a very high reinvestment of cash flow by the industry which will reduce the federal corporate tax. In our judgment — and we think our judgment is being borne out by the level of activity in the industry as of now — there's not going to be that high a reinvestment. And if there is not, the federal corporate tax is much higher, and their share of the revenue is much higher.

So there are those kinds of differences which we're not going to resolve by discussions. The most we can do is set out what the numbers are, what the differences are, and let the people make a judgment as to what should and shouldn't be included. Other areas in which there are judgmental differences are the volumes of natural gas that may be exported and the prices for that natural gas.

Now with respect to ...

MR. NOTLEY: Mr. Chairman, if I could, I think the minister has given us some useful information on the problems in trying to reconcile two sets of figures which have been given a good deal of prominence in public debate. Is there any possibility that before this Assembly adjourns for the summer, the minister could attempt to give the committee, after contacting the federal officials, a tabling of the different computations? Because the minis-

ter has given us bits and pieces, and I'm sure there are others.

I'm sure he is giving it to us from memory tonight, but if we could have that kind of information in the public domain so we all have it and can look at the assumptions, not just the assumptions the minister has talked about tonight, but all of them . . . I realize that if you're talking about federal figures, it's undoubtedly going to require the concurrence of the minister's federal counterpart, but it seems to me that if we had this kind of information made public, it would go some distance to allowing the public to have some kind of background to make an intelligent assessment of what the figures are.

MR. LEITCH: Mr. Chairman, I'll give consideration to that. I don't know that I can give any undertaking at the moment, but I'll certainly consider it.

I was going to come to the second question, as to whether there were others who might be interested in oil sands plants. The answer to that is yes. Of course there were preliminary applications made by others. I think the key point there is that to my knowledge no one would be in a position to move forward, save after a lengthy period of planning. Certainly the projects that might follow the Alsands or Cold Lake project would be some years behind that project, because I don't know of any other project or any other interested applicants that would be anything but several years behind both of those projects.

MR. SINDLINGER: A final supplementary to the minister for clarification, please. The minister has indicated that he never expected a reconciliation of the different calculations, but rather an identification of the different approaches in arriving at the computations. The question I would ask of the minister then is in regard to one of the original questions: changes in concepts or approach. I just want the minister to assure us now that the difference in calculations is no longer an impediment to the ongoing negotiations on the oil pricing agreement; to be more specific, that the difference in calculations has been identified and that is no longer the thing holding up some sort of agreement on oil pricing.

MR. LEITCH: Mr. Chairman, I don't know that I can give that assurance. For example, I don't know what my federal counterpart thinks of that.

MR. SINDLINGER: Perhaps I might ask this question then. Could the minister identify some of the hurdles which have yet to be hurdled to get to an agreement? Are there any specific areas that the minister could identify as remaining hurdles to agreement?

MR. LEITCH: All of them. [interjection]

MR. DEPUTY CHAIRMAN: The minister said all of them.

MR. SINDLINGER: Including the reconciliation of the calculations?

MR. LEITCH: Mr. Chairman, the reconciliation of the calculations is not part of the agreement. I don't contemplate an agreement where we agree on how it should be calculated. I'm interested in an agreement. How the federal government calculates the revenue flows arising from that agreement would be purely up to them.

MR. SINDLINGER: But, Mr. Chairman, it was my understanding that the minister has said from time to time that we cannot reach an agreement until we agree on the numbers. If that's an impediment, all I'm asking is that we have insurance that that is no longer an impediment, we've overcome that problem, and we're moving on to resolve the other problems.

MR. LEITCH: Mr. Chairman, I think the hon. Member for Calgary Buffalo has misunderstood me. I don't know that I ever said we had to reach agreement on these numbers before we could proceed. My memory of it is that I said it would be helpful for the continuation of discussions or a resumption of discussions — the beginning of negotiations may have been the way I phrased it — if we had an understanding of how the other side was arriving at its numbers, that when we sit down at the table and start discussing the numbers and all the things one discusses in a situation such as this we'd at least know how they had arrived at the numbers they were using.

MR. DEPUTY CHAIRMAN: The hon. Member for Camrose.

MR. STROMBERG: I'll pass, Mr. Chairman, in the hope that we can adjourn.

Agreed to:

Vote 1 — Departmental Support Services:

1.1.1 — Minister's Office	\$205,801
1.1.2 — Associate Minister's Office	\$141,258
1.1.3 — Deputy Ministers' Offices	\$578,773
1.1.4 — Government Relations	\$170,109
Total 1.1 — Central Support	\$1,096,041

12 — Administrative Services

MR. R. SPEAKER: Mr. Chairman, I understand this vote relates somewhat to the MARS system. The original estimate for the cost of that was around \$364,000, and it looks like actual cost may be over \$1 million at the present time. Is that what the projection seems to be at this point? Could the minister comment on that?

MR. LEITCH: Mr. Chairman, I believe the hon. Leader of the Opposition is using the original cost in the Auditor General's report. We questioned whether that should be treated as the original cost. I can't quote the actual numbers or all the details. My memory is that with some greater definition of the system, that number had risen significantly. Without making any major issue of that, at the moment I can't give the total or final cost of the system. I just don't have the number; I'd have to get it.

Agreed to:

1.21 — Financial Services	\$2,582,419
1.22 — Personnel Services	\$1,761,571
1.23 — Office Services	\$468,842
1.25 — Records Management	\$2,589,590
1.26 — Executive Director — Administrative Services	\$81,713
Total 12 — Administrative Services	\$7,484,135
1.33 — Economic/Financial Services	\$793,610
1.34 — Information Services	\$1,034,231
1.35 — Energy Conservation	\$1,244,409

1.3.8 — Computer Systems	\$505,795
1.3.9 — Administrative Support	\$132,445
Total 1.3 — Policy Analysis and Planning	\$3,710,490
1.4.1 — Legal Services	\$113,073
1.4.2 — Scientific/Engineering Services	\$2,012,930
1.4.3 — Energy Resources Research Fund	
Total 1.4 — Advisory Services and Research	\$2,126,003
Total Vote 1 — Departmental Support Services	\$14,416,669
2.1 — Program Support	\$568,696
2.2 — Resource Evaluation	\$9,982,907
2.3 — Resource Planning	\$750,700
Total Vote 2 — Resource Evaluation and Planning	\$11,302,303
3.1 — Mineral Dispositions	\$7,651,013
3.2 — Mineral Revenue	\$4,008,243
Total Vote 3 — Minerals Management	\$11,659,256
Vote 4 — Forest Resources Management:	
4.1 — Program Support	\$22,133,373
4.2 — Forest Land Use	\$5,076,739

4.3 — Reforestation and Reclamation

MR. BORSTAD: I'd be interested in a couple of questions, Mr. Chairman. I would like to ask the minister if the companies are maintaining a good reforestation program in the province. Does the reforestation that is being carried out between the companies and the department guarantee a perpetual resource? I ask this because of the problem B.C. is in the midst of right now. They look like they might have a 20- to 30-year supply. I wonder if we're going to get caught up in that same problem.

MR. LEITCH: Mr. Chairman, before answering those questions, I should comment on this vote and point out that it does enable us to increase significantly the capacity of the Pine Ridge nursery, by approximately a third.

Coming to the two specific questions, I would answer them in a general way by saying yes, we're satisfied with the reforestation being carried out. There are always some difficulties, some areas in which we'd want to do better. But on the whole we are satisfied with it. On the question of our total stock of merchantable fibre, which I think is the essence of the question being asked, on a number of occasions I've reviewed this at length with the senior members of the department. I can say with complete confidence to members of the committee I would expect that 50 years from now we will have in Alberta more merchantable wood fibre than we have today. That's certainly our goal, and there are a number of reasons for that occurring. One is the increase in fire prevention capability, which we dealt with in earlier comments. If we can reduce the volume of wood destroyed by fire and harvest it in the ordinary way, we will get a better reproduction and greater volume of wood fibre from a forest that's been harvested and reforested than we do from a forest that's been burnt over and restocked.

MR. BORSTAD: I guess I have another question then. It probably would come under Vote 4.6, but I could ask it at this time. What is happening in the area of poplar? Are we doing any more research? How long will it be before we make a breakthrough on poplar so we can use that resource rather than tramp it down?

MR. LEITCH: That's an excellent question, Mr. Chairman. I would answer it in two ways. First of all, with the growing shortage of wood fibre in the world — and in fibre we are in a sense approaching the stages we are in with liquid hydrocarbons, although not to the same degree or with the same level of seriousness. Because of that, the shortage of wood fibre is overcoming the transportation problem we had with our poplar, which was one of the principal reasons so little of it has been harvested to date in the province of Alberta.

Two things are happening. First of all, the private sector is showing an increasing interest in the use of poplar, and several things are occurring in that area. Secondly, one of the special warrants we will be voting on later in the estimates was for funds to study the feasibility of putting in place research facilities with respect to poplar. That would be in connection with the use of poplar to make various wood products and other uses that can be made of poplar, such as fuels and so on. I want to stress that that funding was merely a study to determine the feasibility of putting in place pilot projects or pilot plants. We won't make a decision on whether to proceed with those plants until we have the results of the study.

So I would have to say that today I'm much more optimistic about the use of poplar — or aspen, as it's often called — in the province than I was a year ago, largely because of the growing interest on the part of the private sector.

MR. COOK: Mr. Chairman, I'd like to pose one quick question. I understand we're facing a shortage of graduates from the forestry school in Alberta. As a result, it's difficult to attract trained foresters to manage a resource that's going to be vital for the long range of the province as we phase out conventional oil and gas. Has the minister's department been involved at all in making representation to the Department of Advanced Education and Manpower about the need for increased funding for the forestry school to turn out professionals to manage a very valuable natural resource?

MR. LEITCH: I haven't, Mr. Chairman. Frankly, I haven't had anyone raise with me the problem of a shortage of forestry graduates. There may be; it just hasn't been raised with me.

Agreed to:

4.3 — Reforestation and Reclamation	\$7,892,649
4.4 — Timber Management	\$4,664,055

4.5 — Forest Protection

MRS. EMBURY: May I please ask the minister a question on 4.5? In view of the decreased amount of money in this vote, I wonder if the minister would comment if some of that money will be going toward the pine beetle and spruce budworm problems in the province. Because less money is going into this, does this indicate that these are not major problems?

MR. LEITCH: Mr. Chairman, I should begin to answer the question by explaining how the moneys in this vote are arrived at. If one takes the estimate for 1980-81, which is \$10 million, and the estimate for 1981-82, which is \$17 million, there's a very large increase in the estimate. Then looking at what was actually spent in '80-81, \$46 million, compared to roughly \$11 million in the estimates, the difference is accounted for by special warrants which were passed to provide funds for firefighting. So one has to look at that vote and appreciate that we put in a number that we think is reasonable with respect to firefighting. But everyone understands that if we happen to have a bad year, it will be larger than that, and we normally fund it by special warrant. I mentioned in my opening remarks that the reason for the significant increase from last year's estimate of \$11 million to this year's estimate of \$17 million was primarily because we added roughly an additional \$5 million to increase our initial attack capability, which is the prime firefighting mechanism.

This vote would also include funding for the pine bark beetle and other forestry diseases. The answer to the question as to whether the pine bark beetle is still serious is yes. We have been treating it in the same way as we treat a fire; that is, we're doing all we feel can reasonably or justifiably be done to bring it under control. It is, and will continue to be, a serious threat. Of course one of the most effective ways to eliminate it is to have a long, very cold winter.

Agreed to:

4.5 — Forest Protection

\$17,323,820

4.6 — Forest Research

MR. NOTLEY: Mr. Chairman, just before we agree to 4.6, there is a reduction — last year the forecast of \$1,345,000, this year the estimate of \$788,000. I wonder if the minister could outline the reasons for the reduction. I see that the definition is:

Conducts problem oriented research into the field of improved forest ... management; transfers research results into practise; provides up-to-date review of relevant research ... assists in the development of field manuals and in-science training courses for the benefit of industrial and government forest managers.

It seems to me, Mr. Chairman, that the research we do in this area is quite important. Just following along from one of the comments by the hon. Member for Grande Prairie, it strikes me that the money we put into forest research — not just in terms of forest land management but in terms of what types of forest-related enterprises we can develop here. For example, I'd be interested if the minister's in a position to give us some assessment of where the Makin group's proposal is with respect to a fine paper mill in Alberta, and what kind of research we're doing in terms of market potential and the kind of competition we're going to face.

I understand that some of the major forest firms are now moving into South America in a major way, because forest products just grow much faster in South America and they can make more money. That's going to have quite an impact in terms of the forest industry of the Pacific northwest, British Columbia, and potentially Alberta. What kind of research are we doing into that kind of situation?

I say that, Mr. Chairman, because it seems to me that with potentially 100,000 square miles of forest in Alberta, it's an area of potential growth in the economy of Alberta that's extremely important. But I see that in this particular appropriation we're actually cutting back on research. Even though that does not appear to be economic research but forest management related research, nevertheless I would be interested in the specific reasons for the reduction.

MR. LEITCH: Mr. Chairman, the reduction is more apparent than real, because it is in this vote that we passed the \$500,000 special warrant I referred to earlier in connection with the poplar research. So the forecast, and that \$500,000 would be included in the forecast figure ... [interjection] Yes. I would have to get some more details on that, Mr. Chairman. I think the vote last year included some capital facilities, which we wouldn't be repeating this year. My memory is that last year was the first time we had a forest research component, and I think we had some capital facilities in there, but I'd want to check on that.

The question with respect to research into marketing and how much of a threat forestry in some of the countries to the south might pose: my feeling is that it's not going to pose a threat. I think the world is going to be short of fibre. Incidentally, I've seen some of those. For example, in a recent trip to Venezuela I had occasion to look at one of them. They do grow timber at an incredible rate compared to what occurs in Alberta. But it's not just a question of turning out the volume; there's also a question of quality. For example, fibre from our lodgepole pine and spruce is among the best in the world. While it takes us longer to grow it; we compete very, very well on a quality basis. I don't look to a time in the foreseeable future when there's going to be such a surplus of wood fibre in the world that we would have difficulty marketing the wood fibre from Alberta. In fact I think the opposite is going to occur, as I commented in my answer to the Member for Grande Prairie.

As to the nature of the research, again I'd want to go back and review it to be sure. We are doing a good deal of research on different species, looking for essentially two, perhaps three, areas: disease control, and doing research on growing a better native tree. We do that by selecting cones — I'm speaking now of the pine and spruce — from the best trees, the ones that have grown the best, and trying to find out whether there was a genetic difference or happened to be a soil or some other difference that led to the better growth. We're also doing a considerable amount of research on trees that may grow better here, in the sense of turning out an equally good fibre, and more of it, than our native trees. So those would be the essential areas we're working on.

As I mentioned, the other research area, what the special warrant was for, was to look into the product side of it, which in a sense is the marketing side, and to consider what other uses might be made of poplar or aspen, such as biomass conversion. Those would be the principal areas, but I can't call to mind the details.

Agreed to:

4.6 — Forest Research

\$788,195

Total Vote 6 — Forest Resources

Management

\$57,878,831

5 — Public Lands Management

MR. BATIUK: Mr. Chairman, I wonder whether the associate minister could advise on the status of the range improvement program. I know there are sizable tracts of good, fertile land, but because they're so heavily wooded they provide minimal grazing or anything else. I wonder if he could just briefly . . .

MR. MILLER: Mr. Chairman, as you're aware, this was a \$40 million program which we introduced and started last year. This year we've expanded it dramatically. We hope to be able to deal with 350 applicants this year. I should point out to the committee that a lot of planning goes in before we do the range development, and that we have due concern not only for the improvement in the grazing capacity but also for the wildlife habitat. We have structured review committees, which are composed of people who are interested from the grazing as well as the wildlife aspect. It is a program that is being extremely well received. We have a capital asset, as the Member for Vegreville says, in our lands, and by the development of it we increase the potential dramatically.

MR. WEISS: Thank you, Mr. Chairman. Before we get into the votes, I wonder if the associate minister would be kind enough to respond to remarks that last fall the select committee on fishing made some recommendations with regard to commercial and recreational fishing in Alberta. I can't see any reference made to it in the vote. I wonder if he'd refer to where there might be some of those recommendations being implemented, particularly in regard to fish enhancement in the province of Alberta. At what areas were we looking to see some of those recommendations made?

MR. MILLER: An excellent question, Mr. Chairman. I wonder if we could deal with that when we come to Vote 6.

MR. BORSTAD: Mr. Chairman, I don't know whether the minister has this at his fingertips. I'd be interested in finding out how the homestead program is coming; how many acres will be opened up this year, and what areas. I might suggest that there are some south of Grande Prairie and some in the Gundy area. I'd like to recommend it be opened up as soon as possible.

MR. MILLER: Mr. Chairman, we have quite an extensive program of opening up lands that are suitable for agricultural production. We do quite an extensive survey before we open up these lands. Primarily there's a climatology aspect where, although the land might be suitable, the climate is such that it's not feasible to grow crops on them. I should point out that this year we hope to be able to post a total of an additional 280,000 acres which we are presently doing a study on. As you know, the process is that when we have done a survey of the land and it is approved for agricultural disposition, we post the land and ask for applicants to submit their forms so they can be given consideration. There is a selection process where we give the land to the person who needs it the most, which is subject to an appeal by unsuccessful applicants. They can go before the local agricultural development board and appeal the decision that has been made. The program is being very well received, and we are gradually opening up the area you speak of.

Agreed to:

5.1 — Program Support	\$4,010,256
5.2 — Land Disposition	\$1,845,903
5.3 — Land Management	\$9,306,763
Total Vote 5 — Public Lands Management	\$15,162,922

6 — Fish and Wildlife Conservation

MR. MILLER: Mr. Chairman, I welcome this opportunity to respond to the hon. member from Fort McMurray in regard to his question on the select committee report chaired by the hon. member Mr. Topolnisky. I might say it was an excellent report which dealt with the whole fishing industry in Alberta. Primarily the positive action that came from that report was the recognition of the need for additional fishing opportunity, not only from the sporting aspect but also from the commercial aspect. We have moved on some aspects of the report. You're probably aware that we are presently looking for a suitable location, and are doing the planning in regard to a fish hatchery for northern Alberta. We are looking at access to various specific streams. We have a program where we're providing access to the Bow River. We have 12 sites which have been identified where we can have access. We'll work on that and hopefully have two or three of those open for the public this year.

We are concerned about the marketing of fish as is presently being done by the Freshwater Fish Marketing Corporation. We are concerned that the isolated fishing areas — for example, Fort Chip, where they are in a position where they have requested, and the select committee recognized, that we have to be looking at a transportation subsidy down the road. We are concerned about the quality of the fish. We have had cysts in our whitefish, but they have been acceptable as continental grades by the FPMC until just lately, when they suggested that if the number of cysts in our fish increases they will probably have to cut them back to cutter grade. This would have a dramatic impact on the commercial fishers, particularly in the Slave Lake area.

We are looking at the possibility of walleye production and enhancing some of our northern lakes in regard to walleye. I would like to report that fishing isn't all that bad, because the hon. Member for Camrose tells me he caught a 12-pound walleye at Winefred Lake last week.

MR. STROMBERG: Mr. Chairman, for the record: 12 pounds, 2 ounces.

MR. MILLER: Mr. Chairman, I forgot the 2 ounces.

I congratulate the members on a very, very comprehensive report that was presented to the Legislature last spring. We are starting to implement some of the recommendations, and we're going to continue to do so.

Thank you.

MR. GOGO: Mr. Chairman, the minister made reference to the freshwater fish marketing board. I want to ask if he could confirm for me that is in Winnipeg and is applicable to the three western provinces. If that's so, is the fish from Alberta, which I understand is about 5 million pounds a year, shipped physically to Winnipeg and then distributed back into Alberta for Alberta purchase? Or is it shipped direct to purchasers in the province of Alberta?

MR. MILLER: Mr. Chairman, the quantity of fish is in the order of 2 million pounds marketed annually. Yes, the

fish are transported down to Transcona fish operations in Winnipeg. However, some local fish marketing is carried out in parts of the province. Billingsgate Fish corporation in Calgary handles some of the fish in southern Alberta. We have some local markets which are served by the fishermen themselves.

MR. BORSTAD: Mr. Chairman, I would like to ask a couple of questions on duck feeding stations and know a little more about the program, if there is any money in the vote for more feeding stations this year. If we have the same problem with ducks that we had last year, for some farmers there'll be no crop in the north to sell.

MR. MILLER: Mr. Chairman, one of the problems we've had in the last few years is that we have been able to have an agreement with the federal government as to the prevention program as well as the compensation program. The last two years these programs have not been signed till February or March the year following the damage done. Presently I think we have about 19 bait stations in operation. We are endeavoring to get a five-year contract signed with the federal government so we might be able to do some planning and some of the prevention work the hon. member speaks about.

I should also point out that Ducks Unlimited is concerned that if we're going to have an enhanced duck population — and we made this point very strongly in our discussions with them — we also have to be looking at an enhanced prevention program.

Agreed to:

6.1 — Program Support	\$4,340,542
6.2 — Wildlife Services	\$3,998,847
6.3 — Fisheries Services	\$3,091,018
6.4 — Public Service and Enforcement of Resource Regulations	\$5,264,111
6.5 — Conservation Education	\$1,098,640
6.6 — Habitat Protection and Management	\$2,745,179

MR. R. SPEAKER: Mr. Chairman, the minister is implementing a regionalization program throughout the department. I've had some concern from the Rocky Mountain House office that in carrying out their responsibilities the region seems to be large. Is some consideration under way at present to place another office in the Crowsnest Pass area?

MR. MILLER: Mr. Chairman, this concern has been expressed from southern Alberta. It's something we are looking at, but at this point we are not in a position to be able to develop another region, as it were, for that southern area, the Lethbridge-Crowsnest Pass area. We do find that the services aren't decreased. In fact they are enhanced by having the regionalization, even for that part of southern Alberta. The staff is still the same as it was, with the additional regional staff in Rocky Mountain House. However, we recognize it is a large area, and we have been apprized of that fact, particularly from the member from the Crowsnest, who brought it to our concern. We are looking at that aspect.

Agreed to:

Total Vote 6 — Fish and Wildlife Conservation	\$20,538,337
Total Vote 7 — Oil Sands Equity Management	\$586,120
Total Vote 8 — Foreign Ownership of Land Administration	\$309,014
Total Vote 9 — Oil Sands Research Fund Management	\$2,262,000
Total Vote 10 — Petroleum Marketing and Market Research	\$4,059,000

Department Total \$138,174,452

MR. DEPUTY CHAIRMAN: Would the minister like to report the vote?

MR. LEITCH: Mr. Chairman, I move that the votes be reported.

[Motion carried]

MR. CRAWFORD: Mr. Chairman, I move that the committee rise, report progress, and ask leave to sit again.

[Motion carried]

[Mr. Speaker in the Chair]

MR. PURDY: Mr. Speaker, the Committee of Supply has had under consideration certain resolutions, reports, and requests leave to sit again.

Resolved that there be granted to Her Majesty for the fiscal year ending March 31, 1982, sums not exceeding the following for the Department of Energy and Natural Resources: \$14,416,669 for departmental support services, \$11,302,303 for resource evaluation and planning, \$11,659,256 for minerals management, \$57,878,831 for forest resources management, \$15,162,922 for public lands management, \$20,538,337 for fish and wildlife conservation, \$586,120 for oil sands equity management, \$309,014 for foreign ownership of land administration, \$2,262,000 for oil sands research fund management, \$4,059,000 for petroleum marketing and market research.

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

HON. MEMBERS: Agreed.

MR. CRAWFORD: Mr. Speaker, the Assembly will be in Committee of Supply again tomorrow. We will begin with the Department of Government Services. In the event there's time for anything more, we would follow with the Department of Labour.

[At 10:45 p.m., on motion, the House adjourned to Friday at 10 a.m.]