

LEGISLATIVE ASSEMBLY OF ALBERTATitle: **Monday, April 26, 1982 2:30 p.m.**

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

PRAYERS

[Mr. Speaker in the Chair]

head: **INTRODUCTION OF VISITORS**

MR. STEVENS: Mr. Speaker, today it is a privilege for me to reintroduce to you, and through you to members of the Assembly, two visitors in your gallery. The first visitor is Mr. Gerry Lawrence, principal of Canmore elementary school. Gerry and his family have made their home in Canmore since 1972. He is accompanied by Miss Toshie Honda, a 22-year-old teacher from Kyoto, Japan, who is part of a teacher visitation program intended to provide Japanese professionals with an opportunity to share their culture with Canadians. While here, they learn about our life style and, of course, they are ambassadors for their own culture and way of life.

Mr. Speaker, in this day and age in North America, when so many people are seeking assistance or grants to travel or go on programs, I think it's interesting that Miss Honda is one of 400 Japanese people who applied for the opportunity to visit North America. Of the 400, 50 applicants were accepted, five for Canada. Miss Honda is the only visitor here in Alberta. The interesting thing about this is that these visitors pay all their costs for transportation and contribute toward their accommodation.

Mr. Speaker, would you and the members join me in welcoming Miss Honda and Mr. Lawrence to the Assembly today.

head: **INTRODUCTION OF BILLS****Bill 35****Special Waste Management
Corporation Act**

MR. COOKSON: Mr. Speaker, this afternoon it's a pleasure to introduce, for first reading, a Bill known as the Special Waste Management Corporation Act.

This particular Bill has two major objectives: first of all, to ensure the establishment and operation of sufficient corporation facilities, as well as other facilities in the province, to deal with the hazardous waste problem; and secondly, to ensure that the facilities established are operated and maintained in a manner protective to the health and safety of the public in the province of Alberta.

[Leave granted; Bill 35 read a first time]

Bill 36**Alberta Corporate Income Tax
Amendment Act, 1982**

MR. HYNDMAN: Mr. Speaker, I request leave to introduce a Bill, being the Alberta Corporate Income Tax Amendment Act, 1982.

The main purposes of this Bill are three in number: firstly, to exempt some 30,000 small corporations from paying monthly income tax instalments, which was mentioned in the budget; secondly, to implement the significant boost of the royalty tax credit, effective September 1, 1981, an element of the activity plan; and thirdly, to provide for the extended Alberta rental investment incentive tax credit, which is enriched. Other administrative and technical amendments are in the Bill as well, Mr. Speaker.

Because of the complex nature of this Bill, if any members wish to ask questions of a very detailed nature in committee, I'd appreciate their sending me a note in that regard shortly.

[Leave granted; Bill 36 read a first time]

Bill 39**Election Finances and Contributions
Disclosure Amendment Act, 1982 (No. 2)**

DR. REID: Mr. Speaker, I request leave to introduce a Bill, being the Election Finances and Contributions Disclosure Amendment Act, 1982 (No. 2).

This Bill has a very simple concept: to increase the financial limits in the Act by approximately 50 per cent throughout.

[Leave granted; Bill 39 read a first time]

MR. CRAWFORD: Mr. Speaker, I move that Bill No. 39 be placed on the Order Paper under Government Bills and Orders.

[Motion carried]

head: **TABLING RETURNS AND REPORTS**

MR. HYNDMAN: Mr. Speaker, I wish to table four copies of the 1981 annual report of the Alberta Municipal Financing Corporation. And in respect of the General Revenue Fund, I wish to file the financial summary for the nine months ended December 31, 1981.

MR. KOZIAK: Mr. Speaker, I would like to file with the Legislature Library the required copies of the 1981 annual report of the Superintendent of Insurance.

head: **INTRODUCTION OF SPECIAL GUESTS**

MR. NOTLEY: Mr. Speaker, today it's my pleasure to introduce four guests from the town of Fairview: His Worship Mayor Vasseur, councillors Don Tarzwell and Sandy McLeod, and town administrator George Moojelsky. They are seated in the members gallery, and I ask them to stand and be welcomed by the members of the House.

MR. CLARK: Mr. Speaker, today it's a pleasure for me to introduce one guest from my constituency. Mr. Gordon Maulton is president of the Alberta Surface Rights Federation, and I believe he is here to listen to the debate on the surface rights motion today. He's in the public gallery, and I ask him to rise and receive the welcome of the House.

DR. BUCK: Mr. Speaker, this afternoon it is my honor to introduce to you, and through you to members of the Assembly, 70 grade 6 students from the Rudolph Hennig school in Fort Saskatchewan. They are accompanied by their teachers Mr. Fraser and Mrs. Whitelock, and by four adults: Mrs. Labrie, Mrs. Bobosky, Mrs. McPherson, and Miss Jasman. They are seated in the members gallery, and I would like them to rise and receive the recognition of the Assembly.

Mr. Speaker, I would also like to introduce to you, and through you, four members of the Hutterian Brethren of Scotford, who are here to watch the proceedings of the Assembly. They're already standing, because the gallery is full; they're in the public gallery. I'd like the Legislature to welcome them.

MR. MAGEE: Mr. Speaker, it gives me great pleasure to introduce to you, and through you to members of the Assembly, a group of 30 students from the Red Deer Adventist Academy, a private school established about a year ago in the city of Red Deer. Accompanied by their group leader Leo Goltz and teacher Linda Proud, they're in the public gallery and are supervised by Jeanette Trites and Mrs. Kaligithi. I ask that they rise and receive the welcome of the House.

MR. PAHL: Mr. Speaker, today it's my privilege to introduce to you, and through you to other members of the Assembly, 25 grade 6 students from Satoo elementary school in the constituency of Edmonton Mill Woods. They are in the public gallery, accompanied by their teacher Mr. Fairfield and one or more parents; I know the name of one, Mrs. Shirley Scott. I wonder if they would rise and receive the welcome of the Assembly.

MR. DIACHUK: Mr. Speaker, I wish to take this opportunity to introduce to you and to members of the Assembly some 25 grade 6 students from St. Jerome school. They are seated in the public gallery, accompanied by their teacher Mr. Landry and parent Mrs. Diane Humeniuk. I ask them to rise and receive the welcome of this Assembly.

head: ORAL QUESTION PERIOD

Oil Sands Development

DR. BUCK: Mr. Speaker, my first question is to the hon. Minister of Federal and Intergovernmental Affairs. I'd like to know if the minister can indicate to the Assembly if his department has made any arrangements for the Premier of this province to meet with the Prime Minister of Canada, as to the final outcome of the Alsands negotiations.

MR. JOHNSTON: Mr. Speaker, I believe whether or not the Premier would be meeting with the Prime Minister would depend upon the outcome of the meetings. At this point, the meeting is only with Mr. Davis, the Premier of Ontario. I can't give any more information as to what kind of meetings are scheduled by the Prime Minister and the Premier.

DR. BUCK: Mr. Speaker, can the hon. minister indicate what meetings dealing with Alsands are going on at present? Are the two ministers of energy meeting at this time?

MR. JOHNSTON: Mr. Speaker, that information will unfold as events unfold throughout this week. I think all members of the Assembly are aware of the time compression the government is facing, in terms of meeting the April 30 deadline. As those meetings are required, enough meetings will take place.

I can't give information as to which meetings the Premier will attend or what the minister is doing, except to say that the government is attempting, with all effort, to expedite the successful conclusion of the Alsands agreement. We don't know what will happen or what the events will be, but we're doing our best to see that the interests of Alberta are well represented.

DR. BUCK: Mr. Speaker, a supplementary question. Is the minister saying to the Assembly that he cannot tell us if the provincial and federal ministers of energy are in the process of meeting, or contemplating meeting, at this time?

MR. JOHNSTON: Mr. Speaker, I can say that if meetings are necessary, Mr. Leitch and Mr. Lalonde will be meeting during the week. I can't give the dates and the times of those meetings. They are expected to meet, because the minister and the Premier are in the east. Those meetings will take place, but I can't give a schedule of events.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. In light of the Ontario government's investment in the Suncor corporation, are the discussions between the hon. Premier and the hon. Premier of Ontario related in any way, shape, or form to possible Ontario participation in an Alsands rescue package?

MR. JOHNSTON: Mr. Speaker, it's a touch too late for the province of Ontario to participate in an equity way. I think the Premier and the Premier of Ontario are meeting simply to have a full understanding as to the ramifications and potential of the deal with respect to Alsands.

As we have stated in this House before, there are implications for Canada. We have noted specifically the way in which the spinoff benefits will benefit other parts of Canada. Since this is a megaproject, in the true sense of a Canadian, important-to-Canadians project, I think it's important that the Premier of Ontario fully understands how negotiations are proceeding so, if necessary, he can respond in his own Assembly and to his own population, depending on which way Alsands goes. He should have as much information as possible. That is the reason the Premier of Alberta is meeting the Premier of Ontario today.

MR. NOTLEY: Mr. Speaker, a supplementary question for clarification. The minister ruled out any equity participation. During the discussions, has any consideration been given to any other type of Ontario participation, through debt instruments of one kind or another, for example?

MR. JOHNSTON: As far as I know, Mr. Speaker, that's not one of the potentials.

DR. BUCK: Mr. Speaker, a supplementary question. Is the Minister of Federal and Intergovernmental Affairs in a position to indicate if negotiations to look at the possibility of Nova Corporation being involved in the Alsands

project are still going on? Has that situation changed within the last three days?

MR. JOHNSTON: Mr. Speaker, I can't give any comment more than the comments which the Minister of Energy and Natural Resources gave last Thursday in this Assembly, I believe. As I say, that was one of the potentials. Nothing is ruled out, but I can't give you any update as to the weekend negotiations.

DR. BUCK: Mr. Speaker, a supplementary question to the Provincial Treasurer. In light of the fact that the taxpayers of Alberta have \$4 million invested in carrying on with engineering and maintaining staff, is the minister in a position to indicate if he has in place a contingency plan to extend the deadline past the end of this month and have public funds extended, to carry on if negotiations are required for an additional 15 or 30 days?

MR. HYNDMAN: Mr. Speaker, at this time, there are no plans to carry out any further involvements past the end of this month.

DR. BUCK: Mr. Speaker, a further supplementary question. In the discussions that have been going on between the two ministers of energy, can the Minister of Federal and Intergovernmental Affairs indicate to the Assembly and to the people of the province as to the possibility of setting up a Crown corporation, so the people of Canada could participate directly in the Alsands project?

MR. JOHNSTON: Mr. Speaker, I think any number of creative possibilities have been explored. I think the Minister of Energy and Natural Resources and the Premier stated that they want to be sure the private sector maintains a key position in this economic activity. As well, the province has indicated that they're interested in a broad equity position. As well, we know that PetroCan has an equity position. So we've explored many of the possibilities.

If you move toward a utility system or a Crown corporation system, another set of circumstances takes place, another set of pay-offs is required, and another set of calculations is required. At this point, Mr. Speaker, it's my judgment that the best bet is that the existing structure must be attempted, must be challenged. That structure will have to be considered first of all. Should any other opportunities exist in the future, I'm sure they'll come forward in a new way. It should be noted that there's an awful lot of bitumen in that area, and there will be an awful lot of proposals still to come in the next few years, whether or not Alsands goes.

DR. BUCK: Mr. Speaker, a supplementary question. Can the Provincial Treasurer indicate to the Assembly if any or all of the \$4 million promised has been given to the participating companies in the Alsands consortium? Was that just a promise that the funds would be available, or have they been directly paid at this time?

MR. HYNDMAN: I don't have exact information on that right now, Mr. Speaker, but I certainly will have in the days ahead.

Postsecondary Education Study

DR. BUCK: Mr. Speaker, my second question is to the Minister of Advanced Education and Manpower. In the

minister's statement on postsecondary educational tuition fees, the minister indicated that the government intends to study the patterns of participation, by individuals, in postsecondary education. Can the minister indicate why the government has undertaken a study after a long-term tuition fee policy has been set in place?

MR. HORSMAN: Mr. Speaker, we had determined that requests we had received with respect to tuition fees and their impact upon students should be studied. At the same time, we'd also received requests from many boards of governors throughout the system to provide a mechanism for increasing tuition fees, so they would know the situation with more accuracy each year. We decided to proceed with both matters simultaneously. As I indicated, I think, and on other occasions, the results of that review of participation patterns in postsecondary education will certainly be considered by the Department of Advanced Education and Manpower and by the institutions, once they are known.

It is anticipated that the review may take some considerable length of time, perhaps up to two years. It was certainly not desirable to withhold a tuition fee policy, pending the outcome of such a review.

DR. BUCK: Mr. Speaker, a supplementary question. Can the minister indicate to the Assembly why an outside, independent agency was not commissioned to undertake the study? The government studying itself is like contemplating your navel.

MR. HORSMAN: Mr. Speaker, perhaps it's not included in the ministerial statement, but certainly I have indicated otherwise that there will in fact be an advisory group to the Department of Advanced Education and Manpower, which will include representatives from interested organizations, including the postsecondary institutions themselves, students, and other people within the private sector, to review with the departmental officials and give advice as to the best method of conducting the survey.

DR. BUCK: Mr. Speaker, when the study is complete and after the minister or the department has had an opportunity to look at it, will this report be made public?

MR. HORSMAN: Mr. Speaker, it is certainly the intention of the department to make that information available, specifically to the postsecondary institutions, of course, but certainly to all members of this Assembly and the general public.

Student Loans

DR. BUCK: A final supplementary question, Mr. Speaker. Has the minister given any further consideration to looking at the age of independence? In our fast-moving society, it seems that there are cases where people at the age of majority are quite independent of their families. Is the minister giving any consideration to having these people qualify for loans on their own, once they reach the age of majority?

MR. HORSMAN: Mr. Speaker, that has been part of the consideration taken with respect to student financial assistance by the federal/provincial task force on financial assistance to students. The provincial governments have reached a conclusion as to the best system for Canada, and we have made that information available to the

government of Canada. As yet, Mr. Regan, the federal minister responsible for the Student Loans Act has not yet responded to the provincial governments' position on the entire question of student financial assistance. Until such time as we receive a response, I'm not in a position to outline the provincial governments' position at this stage.

Art Acquisition for Legislature Grounds

MR. NOTLEY: Mr. Speaker, I'd like to direct this question to the hon. Minister of Culture, with respect to the art acquisition program for the Alberta Legislature grounds. Is the minister in a position to confirm for the House this afternoon that the approximate cost of the art acquisition program for the Legislature grounds will be about \$1.35 million?

MRS. LeMESSURIER: Mr. Speaker, the approximate figure is \$1.35 million for the total project; that is, the acquisition and installation of the works of art.

MR. NOTLEY: Mr. Speaker, a supplementary question. In view of the government's inability to move in other essential areas, like an ambulance program, for example . . .

SOME HON. MEMBERS: Order.

MR. NOTLEY: . . . has any consideration been given to delaying this program until such time as our rainbow has begun to rise again?

MRS. LeMESSURIER: No, Mr. Speaker.

MR. NOTLEY: Mr. Speaker, a supplementary question. Is the minister in a position to outline to the Assembly who, or what group, made the representation and designed the program now being advertised for?

MRS. LeMESSURIER: Mr. Speaker, there are six committee members, chosen from the artistic community in the province of Alberta.

MR. NOTLEY: Mr. Speaker, a supplementary question. Is the minister in a position to advise the Assembly as to the reason for three major projects? As I understand it, there will be 15 semifinalists and three finalists for the three major projects. So you're going to have three major projects, as opposed to a program that would have a number of projects and would benefit a larger number of artists in this province.

MRS. LeMESSURIER: Mr. Speaker, this year we are only referring to phase one of the overall project, and that is for the central plaza, the east-west pedway, and the north-south pedway. After this phase has been completed, there is a much larger forecast for future acquisitions.

MR. NOTLEY: Mr. Speaker, a supplementary question. Is the minister in a position to tell the Assembly the estimated cost of the much larger forecast for future acquisitions?

MRS. LeMESSURIER: Mr. Speaker, I think I said earlier that the total budget allocated to the overall acquisition is \$1.35 [million]. In this year, for phase one, the budget has been set at \$900,000.

MR. NOTLEY: Mr. Speaker, a supplementary question. Can the minister tell the House why the committee making recommendations on this project settled on what will be three major projects, as I understand the information, as opposed to a number of smaller projects which would allow more Canadian and Alberta artists to participate and undertake their work?

MRS. LeMESSURIER: I think I already answered that first part. I said that the second phase is going to be for exterior sites — and at this stage it's too early for me to outline them all — and some more indoor situations. So I think many artists in Alberta, and national artists, will have the opportunity of having their works displayed.

MR. NOTLEY: Mr. Speaker, a supplementary question. The minister has indicated that phase one is going to cost \$900,000 and the entire project, \$1.35 [million], so approximately two-thirds of the project will be in phase one. With that in mind, Mr. Speaker, my question again is: on what basis was a recommendation made to the minister that we should be looking at three projects for two-thirds of the cost, as opposed to a program that would have many smaller projects and would allow Albertans and Canadians to participate?

MRS. LeMESSURIER: I think the committee, which has met often since July 1981, felt that the chosen areas are going to be of such a visual concept that many people will see them, and they felt that this is the amount of dollars that should be allocated to this project.

I'd like to explain to the Legislative Assembly what will be happening. This brochure that the hon. member showed in his hand has been sent throughout the 10 provinces in Canada. After the artists have made their submissions, the acquisition committee will bring down the total number of artists to, say, five per site. Then an independent jury will be established to go through the works of these artists, and they will be choosing works for one of these three phases.

DR. BUCK: Mr. Speaker, a supplementary question. Just so I don't miss something here, is the minister indicating that the art is going to go in that jogging track between the parking lot and the Assembly? Is that where the art is going to go?

MRS. LeMESSURIER: The central plaza, the exterior foundation sculpture, the east-west pedway, and the north-south pedway.

MR. NOTLEY: Could the minister outline to the Assembly the reasons for placing the emphasis in the pedways, which by and large are not used by the general public but, in the case of one pedway, by members of the Legislature, not exclusively but largely? What portion of the \$900,000 is going to be allocated to the pedways?

MRS. LeMESSURIER: Mr. Speaker, we'll have to wait and see. When the works of art come in, we'll see what each piece costs. When the artists submit their proposal to the committee, everything — the amount of work, their budget — will be included in their submission. So at this time, I can't say what each piece is going to cost.

MR. NOTLEY: Mr. Speaker, a supplementary question. Can the minister assure the House that the total cost will not go a dime beyond \$1.35 million? I ask that because

the minister seemed to indicate that they would have to evaluate the different projects to know how much should be spent on the pedways, how much on this, and how much on that. Can we be assured that not a dime's worth of special warrants will be passed to authorize this art acquisition?

MRS. LeMESSURIER: Mr. Speaker, I said that the budget for this year's submission is \$900,000. The total budget for phase one and phase two is \$1.35 million. As I stand here, I would like to assure the House that as far as possible, I would like to see it stay at \$1.35 million.

DR. BUCK: Mr. Speaker, I hope we don't get any Roloff Benys.

What studies has the minister's department done as to the traffic volumes? Surely somebody must have done a study, to have adequate exposure. What studies have been done by the minister's department to see what outside traffic volume there is to see this Alberta and Canadian art in what I call my \$60 million jogging track, from the parking lot to the Legislature? Outside Albertans, what traffic volume will there be to see that art?

MR. STEVENS: The Social Credit leaving.

MRS. LeMESSURIER: Mr. Speaker, I will take that question as notice. I'm not aware if a study has been done, or what it revealed, if it was done.

DR. BUCK: The way they're wasting money, there'll be a lot of PCs leaving too.

MR. SPEAKER: Order please.

MR. NOTLEY: Mr. Speaker, a supplementary question. Is the minister saying that apart from the committee of six, no studies were undertaken by the government, before the design of this art acquisition program was developed, to indicate its usage and where the money could be placed to ensure that the maximum number of Canadians and Albertans who visit can take advantage of it?

MRS. LeMESSURIER: Mr. Speaker, I said I'd take that question as notice, and I will.

Lawyers' Trust Funds

MR. CLARK: Mr. Speaker, my question is to the Attorney General. I wonder if the minister could inform the Assembly as to what progress, if any, has been made by the Law Society in dealing with the people in Carseland who are being foreclosed on, in what I refer to as the Petrasuk affair.

MR. CRAWFORD: Mr. Speaker, I don't have at my fingertips today any information with regard to that matter. I'm going to have to take the question as notice.

ORDERS OF THE DAY

head: GOVERNMENT MOTIONS

10. Moved by Mr. Schmidt:

Be it resolved that the report of the select committee on surface rights, presented to the Assembly on November 30,

1981, be received, and that the government give consideration to the advisability of introducing the necessary legislation.

MR. SCHMIDT: Mr. Speaker, it's interesting to look at the history of right of entry and surface rights in the province of Alberta, which dates back to 1947 and the discovery of Leduc No. 1, the basic start of the accelerated energy package in this province. Various statutes and amendments have taken place over the years, up to and including the last amendment in Bill 34, which brought the last amendments to the Surface Rights Act and generated sufficient interest to set up a select committee to study surface rights throughout the province of Alberta.

It's also interesting to note that in 1947, the responsibility of the mineral owner and the rights of the surface owner differed somewhat. In '47, the owner of the minerals had the right to mine the same, and the property owner had a basic right only on the claim and substantiation of damage. Of course, we're all aware of the various changes that have taken place since that time, not only to the basic rights of the individual but to the actual cost factors that have come about. First of all, we recognize the change in land prices and the escalation due to the value of agricultural land, or land in general, and the escalation through inflation.

In 1980, being responsible for the legislation on surface rights, I was pleased to recognize that the workload facing the Surface Rights Board in the activities throughout the province had escalated quite dramatically between the years 1977 and 1980. On that assumption, Bill 34 was brought before this Legislature in early 1980, asking the Legislature to give consideration to the establishment of some change to surface rights that would relieve some of the workload pressures building up within the board.

At that time, I was also pleased about the interest shown, not only within the Legislature but without. Bill 34 generated sufficient activity, interest, and suggestions that a select committee was established in this Legislature to study, review, and bring back their recommendations on surface rights. The terms of reference set up for that select committee were quite broad. Recognizing the problems that exist in surface rights and the numbers of questions and suggestions made at that time, it was rightfully so that the terms of reference be broad.

Within the province of Alberta, the surface rights committee, which handles the total workload with regard to right of entry through surface rights, is made up of the Surface Rights Board, which at present has a chairman, an executive director, nine members, and all the staff necessary to make that Surface Rights Board work: a total of 34 in number. It's also interesting to note that the complement of people and the expertise in the field of surface rights since 1947 has brought us to provide, from 1977 to 1980 but perhaps peaking in 1981, the greatest number of applications ever brought before the board since its inception in 1947. That workload has reached the peak of 2,694 in number of applications outstanding, as of the end of March this year. That brings to each and every one of us the necessity that, first of all, either the numbers far exceed the workload of those people who now make up the Surface Rights Board, or else the system of handling applications is due for review; and thirdly, perhaps the setting up of the special committee and their report. For those awaiting the outcome of some of the suggestions made to that special committee, recognizing that from report must come the legislation that will

be the basis for the new Surface Rights Act, has caused a number to wait for the future, and perhaps has led to some of the numbers that make up the outstanding applications to date.

It's interesting to note that of the applications received and those I just gave you, of 2,694 outstanding as of today, under normal operation during the year, roughly 63 per cent would be completed in the year they were submitted, 18 per cent would be settled privately or cancelled but would have been solved during that particular period of time, and about 19 per cent would be postponed or adjourned. Within reason, those percentages are held year after year, indicating the percentages of those that have been handled and solved to the total satisfaction of the individuals concerned. It will also give you the indication as to the total number handled, recognizing that at the present time the outstanding number is still at 2,694.

On behalf of all concerned producers throughout the province and certainly on behalf of the Department of Agriculture, which is responsible for the surface rights legislation, I would like to pass on our congratulations to the board and to its chairman, first of all, recognizing that the job was going to be interesting, challenging, and certainly full. In holding its hearings, the board was broad in its views and acceptance and has taken those into consideration when the actual report was filed in the Legislature. Surface rights always can, always has, and I'm sure certainly will in the future, generate a certain amount of activity and anxiety. It's certainly a credit to the board holding those hearings that the activities of question and concern were held at a minimum during the period of time that their hearings were held throughout the province.

On behalf of all producers, I should also pass on our sincere thanks to the board which, even after the presentation and submission of their recommendations to this Legislature, has continued hearing individuals and select groups that still had some basic concerns once the recommendations were made public. They have again had that opportunity to make representations to the board *per se* and to various other interested groups of government, giving us not only the benefit of their original submissions that made up part of the presentation and findings to this Legislature but, on behalf of producer groups, have also had the opportunity to review some of those recommendations and give their views as to how they see surface rights affecting the producer in the province.

Mr. Speaker, I fully recognize that the recommendations presented on behalf of the producers throughout the province, because of those hearings, may in some cases create some understandings and agreement. I'm sure some comments and suggestions will be made in some areas as to how amendments should be made to some of the recommendations. I guess that's the key and the opportunity which the motion placed before you will provide us with: first of all, the opportunity of saying thank you to the committee that has done an excellent job; secondly, within this Legislature, the opportunity of taking the recommendations — to the extent that they've been presented — and adding those views, whether they're for or against, to the presentations already made.

Mr. Speaker, I look forward to the debate, recognizing that it will be not only a total review of ongoing debates but the comments of not only producers but members of this House that will give us the opportunity to review, and hopefully come up with, the new legislation that will

set the pace and take the place of the existing surface rights legislation.

Once again, on behalf of producers, I wish to say thanks to the committee for doing such an excellent job. I look forward to the debate that will be following in this Legislature this afternoon and, hopefully, this evening.

MR. KOWALSKI: Mr. Speaker, April 26, 1982, is a few days past May 23, 1980, when this Assembly of the Alberta Legislature appointed a nine-person committee to undertake a total review of surface rights in the province of Alberta. This afternoon, I would like to provide all members of the Assembly with a brief overview, in terms of what was undertaken by the select committee on surface rights, and to point out and highlight a number of the 70 different recommendations that a remarkable small, democratic committee arrived at on the basis of nearly 18 months of public hearings, evaluation of testimony, reading of reports and, finally, zeroing-in on a select number of recommendations.

In introducing the motion this afternoon, the Minister of Agriculture pointed out that, in essence, surface rights legislation in Alberta did not come into vogue until 1947, when the first Act of its kind was passed by this Legislative Assembly. It was known as the Rights of Entry Arbitration Act. After 1947 and through to 1972, several modifications were made to that original Act. When it sought election in 1970, part of the philosophy, the principles, and the platform of the Progressive Conservative Party was a commitment that a total undertaking would be made on the whole question of surface rights in Alberta. Of course, following election in June 1972, the Alberta Surface Rights Act was passed. Comparing that Act of 1972 with any other surface rights Act in the jurisdiction of Canada is a bit detrimental to those other jurisdictions. Because until recently, most other provincial jurisdictions in our country did not have an Act that clearly outlined the responsibilities of those in industry and those who are landowners, in the whole question of dealing with surface rights.

Mr. Speaker, since 1972 a number of modifications have been made to that original Act. As a result of growing energy development in our province in the oil and gas, power line, and coal development sectors, in the latter years of the decade of the 1970s increasing attention to this whole question of surface rights prompted this Legislature to endorse a motion, in the spring of 1980, which sought the setting up of a select committee on surface rights. Mr. Speaker, I felt very fortunate to have been appointed by the Legislature to be the chairman of that committee. Over the past 18 months, that committee has undertaken a considerable degree of work. I recall that in the first committee meeting, held in the spring of 1980, the question really was: how involved did this committee want to become, and how determined did we really want to be, in terms of writing a report on the whole question of surface rights? In terms of the response of the committee, Mr. Speaker, I think a concluding statement could be none other than that the committee did the best it was capable of doing.

As the former chairman of that committee, I'm very thankful to pay recognition to the outstanding contributions made by a number of excellent men and women who are sitting in this Legislature today and one who is no longer with us. To the MLAs for Grande Prairie, Drumheller, Drayton Valley, Bonnyville, Red Deer, Calgary McKnight, Three Hills, and the former MLA for Olds-Didsbury, the former leader of the opposition party

in the Alberta Legislature: my sincere thanks for the large number of hours each and every one of them gave, of themselves, to our committee work. This afternoon, no doubt several members of the committee might highlight some of our activities and journeys through the province of Alberta, and might even exaggerate in terms of the intensity of the time spent in driving from one community to another and having to work into the late hours of the morning. But it was all worth it, because we were all serving the people of Alberta.

Mr. Speaker, some 45 days of public hearings were held in the province of Alberta. The committee really began its first hearing on December 9, 1980, in Vegreville, and concluded its public hearings on March 20, 1981, in Cochrane. From all conceivable sectors in the province of Alberta, the committee received over 360 submissions on the question of surface rights. Submissions were received from landowners, people who leased private land and public land, municipalities, agricultural development committees, rural gas co-ops, province-wide power companies, those involved in the oil and gas industry, the coal sector in the province of Alberta, and those province-wide organizations which represent all the types of people I've just talked about.

I have to say that the quality of the submissions throughout, in all parts of Alberta, was really super-professional. Few people came before the select committee on surface rights really to flog a personal concern. Most came to put forward their concern, their items of recommendation, on the whole subject area of surface rights. Mr. Speaker, I wish to repeat that few came simply to flog a particular concern that affected only them. Most had a very, very wide spectrum, and a real empathy for the whole situation in the province.

Mr. Speaker, when this Legislature established the select committee, it gave it five specific areas to take a look at. I'd like briefly to highlight those five specific areas, comment on the recommendations of the report, then make mention of the fact that the select committee went beyond the five specific recommendations given it by this Legislature and in fact looked at eight other areas of activity within the province of Alberta.

The first major area that the Legislature directed that the committee should take a look at is one dealing with the "review of existing and proposed methods of expediting claims directed to the Alberta Surface Rights Board". In the select committee report, there are several major areas of recommendations with respect to that.

The first subject area of recommendation on this subject was a series of recommendations put forward, looking at the membership on the Surface Rights Board. The view of the committee was that the appointment of members to the Surface Rights Board be made by the Lieutenant Governor in Council. That recommendation was made because, as members of the committee, we believe that a wide-ranging spectrum of different Albertans should be involved, in a very professional manner, sitting as arbitrators on the Alberta Surface Rights Board. Only through that mechanism could you ensure a geographical representation and an industry-sector representation for those people who would sit on the board.

The second area of recommendation with respect to membership on the Surface Rights Board really called for the Surface Rights Board to expand itself, in the sense that a series of local surface rights boards should be created in the province of Alberta. Some of these people from various parts of the province of Alberta, whether they lived in an improvement district, a municipal dis-

trict, a county, or a Special Area, for that matter, might find themselves in a position to provide a very sincere local input when arbitration hearings were held on a particular problem between a developer and a landowner in a particular area.

As well, we provided recommendations that we believe will greatly improve the procedures of the board. Essentially many of them are very administrative in nature and, for the most part, common-sense recommendations: a recommendation that would allow both participating parties in an arbitration hearing to have advance notice of that; a recommendation calling for an evaluation of the actual site in question, by the surface rights arbitration board, before it makes a recommendation in an arbitration problem, calling for situations whereby both parties should be present at the site inspection; and a recommendation calling for decisions of the board to be submitted within 14 days of the compensation hearing. Currently that 14-day situation is not being met in the province of Alberta. In some cases, it takes upwards of six, seven, eight, and nine months before the Surface Rights Board finds itself in a position to rule on an arbitration problem. We believe that public servants in the province of Alberta can respond within 14 days, when arbitration hearings are held.

As well, and as recommended, we believe that the awarding of costs be left to the discretion of the board, but that when the board looks at the awarding of costs, it recognizes the landowner, rancher, and farmer as an agricultural expert at any of the hearings. By the same token, the Surface Rights Board must recognize that the land agent who represents the industry in question also serves as an expert in submitting testimony before the Surface Rights Board. Too often, in too many parts of Alberta, we heard that when two in conflict — a landowner or a producer and a representative of an energy company — came before the board, both had to bring in experts to prove their arguments. It's our view that those responsible, and those who meet in a responsible nature to try to arrive at contractual situations, should be recognized as experts in the particular fields they are in.

Mr. Speaker, from an administrative nature, we also recommend that a library of surface rights agreements be established in the province of Alberta. Currently in each and every given year, perhaps upwards of 10,000, 11,000, or 12,000 surface rights agreements are taken in the province of Alberta. We're suggesting that a synopsis or précis of each of those agreements should be filed in a library where all individuals in the province of Alberta would have access to them, if they desired. That recommendation would accomplish a decrease in misunderstanding that currently exists in many parts of Alberta.

All too often, we heard of situations whereby two or three landowners would meet one another at a social, someplace on a Saturday night, and late in the evening would start comparing what each had received as a result of negotiation with a particular company doing a particular type of work in their area. Invariably, one might tend to exaggerate a little, or the other one might tend to underestimate the actual agreement they had received. The result was that three good neighbors got into an argument with one another and on Monday morning were calling their MLA or submitting a petition to the Surface Rights Board saying, how come we are all being compensated for basically the same kind of event but we're all receiving a different type of compensation? So to eliminate that confusion and that kind of situation, which all too often leads to minute animosity among neighbors,

we're recommending that copies of all surface rights agreements be set up in a library. From a purely administrative point of view, Mr. Speaker, we're also recommending that the Surface Rights Board act solely in the area of compensation. I want to mention that a little later during my portion of comments on this debate.

The second major area we took a look at was the one in which we were charged by the Legislature to "examine the role of appointed surface rights mediators and make recommendations concerning their terms of reference and appropriate professional qualifications in the context of surface rights mediation". A suggestion was made — and the Minister of Agriculture referred to it in Bill 34, introduced in the Legislature several years ago — that in fact what we really needed was a new kind of person, a mediator, who would bring a landowner and a representative of an energy developer together. They would sit in a room, and the mediator, who would be an unbiased person, would try to have the two of them come together and resolve the situation.

The committee believes mediators are totally unnecessary. There are a number of excellent opportunities within the existing system in the province that certainly fulfil that. In our report, we made mention of the role of the office of the Farmers' Advocate in the province, the Independent Petroleum Association of Canada, the Canadian Petroleum Association, the International Right-of-Way Association, groups like Unifarm, the Christian Farmers Federation, and the recently created Alberta Surface Rights Federation, which provides advice to their various memberships. The committee did not believe there was need for a new type of civil servant, to be known as a mediator. Thus it became totally redundant for the committee even to take a look at the qualifications that would be necessary in terms of creating this new type of individual known as the mediator.

Mr. Speaker, the third major area we were instructed to look at was the present levels of compensation to landowners, and to make recommendations for means by which these levels might be adjusted. I guess it is in this area that the one recommendation made by the select committee received the greatest amount of play in the media. It's not the area that I, as the former chairman of that committee, really believe members at large, in all parts of Alberta, suggested was the one that had to be highlighted as the most important. In the area of compensation, essentially the committee recommends that on the fourth anniversary of all leases, it must be the responsibility of the operator, the energy developer, to give notice to the lessor that the contract can be renegotiated at the end of that current year.

The committee then made a recommendation with respect to a new type of compensation factor, called the force-take concept. The committee recommends that all operators pay an up-front payment to the landowner in recognition of the force-take aspects of an operator's activity. We outlined a formula, which basically said that in the initial year, the amount of this force-take payment would be equal simply to multiplying by \$1,000 the number of acres described in the lease agreement, but recognizing that the maximum number of acres that could be used for it would be five. In essence, we're calling for an up-front force-take payment of a minimum of \$1,000 and a maximum of \$5,000 per agreement, per land title and, further, that these minimum or maximum amounts are to be reviewed on a five-year basis by the Alberta Surface Rights Board. There has been considerable debate on this one subject. No doubt, later this

afternoon, various members of the Legislature would like to comment on that. The other areas dealing with compensation were essentially clarification matters: identifying market value, how it should be identified, what it is, and what the parameters of identifying this one concept of market value should be.

Mr. Speaker, a fourth area we were asked to take a look at was the whole question of landmen and surface rights negotiations. The select committee report contains a number of comments and recommendations on that. There are three basic areas of recommendations dealing with land agents, all calling for additional improvements to be made necessary: one, that all land agents be required to write an examination before receiving their land agent's licence; secondly, that a manual be prepared by the Land Agent Advisory Committee that will contain the information one would be expected to know in order to be successful on the examination; thirdly, that the Land Agent Advisory Committee determine a code of ethics and standards of conduct for land agents in Alberta.

Those three recommendations are already in place. They have been fulfilled, through the good offices of the Associate Minister of Public Lands and Wildlife. In the last several months, these called-for changes dealing with land agents have been implemented. They were implemented in consultation with the land agents and the various land agent organizations in the province of Alberta. There now is a code of ethics, a manual, and standards of conduct that land agents in Alberta must fulfil and follow.

A fifth area was looking at various sections of the Alberta Surface Rights Act that would require amendment and to making a series of recommendations in that area. The committee looked at five basic areas. The first dealt with the roles of both the Surface Rights Board and the Energy Resources Conservation Board. Three specific recommendations dealt with improvements that could be made. The committee also took a look at the question of right of entry, a concept whereby an energy developer, when he makes application to undertake a particular type of work on a landowner's parcel of property, and if the landowner and the energy developer cannot get an agreement with one another, currently has the right to go before the Alberta Surface Rights Board and seek permission from that board to receive a right of entry onto the landowner's land. We believe some administrative things could be changed to improve that situation. We're asking chiefly that the Energy Resources Conservation Board be the responsible jurisdiction to award those rights of entry.

On the question of assignment of compensation, the report basically says that compensation for leases and land development should be paid to whom it is due. The committee believed that landowners who have a well site development or a pipeline development on their land should be the ones who receive the compensation for those leases. The committee did not believe those leases should be assigned to other people. A simple example to illustrate the point: an individual landowner today, who has a lease on his property, chooses to sell his property but not to sell the lease for the development on his former land. The new landowner now owns the land. He has the problem of farming around the lease but receives no compensation for it. It was the committee's view that that assignment of compensation should not occur.

Some might argue that that's a real infringement on the contractual rights of individuals. But perhaps the most blatant example of stupidity that the committee ran

across in this area was a situation where land had changed hands three or four times in the last 20 years. Successive people had been willed lease revenue, and finally it turned out that the lease compensation was now willed to a public institution in the province of Alberta. So the poor landowner who was having the problem farming around the lease four times ago, because the land had changed hands four times, can't have it resolved. The company in question doesn't know how to resolve it either. This particular area was brought to our attention by large numbers of people in industry saying, look, there's need to clarify this.

A fourth area, in terms of legislative requirements, dealt with annual compensation. Currently the Surface Rights Act says that compensation on all leases must be reviewed every five years. That recommendation was maintained by the select committee in its report. A fifth area we looked at, in terms of legislative changes, dealt with the levels of dollars and damage occurring. We made some very specific recommendations on that.

Mr. Speaker, those were the five major areas the select committee was charged with taking a look at. But in hearing the people of Alberta, in meeting with the people, in travelling about Alberta, we were asked to take a look at a number of other major areas by those who made representations to us. The committee did. In fact the select committee took a look at eight other areas.

The first dealt with reclamation, restoration, and land conservation. We believed that the most widespread feeling of interest by anybody in the province of Alberta dealt with this one question. Because of that, we have 11 very specific recommendations in the report, which essentially call for increased vigilance by all in terms of the preservation of agricultural land in the province of Alberta, but recognizing that when agricultural land must be used for energy development, we must have reclamation which restores the land to as good or better use than originally. Members might say, well, how can it possibly be in better condition after an energy development than before? I submit that it's essentially the area of drainage that can be improved upon when land can be dealt with in that manner.

Mr. Speaker, in my view reclamation is simply the repaying of a debt to the land. We can repay that debt, because technology now exists that will allow us to heal surface scars. Reclamation has not been a dirty word in the province of Alberta for a large number of years. The first legislation in this area, essentially very good legislation, was introduced by the former government in 1963. It has been improved upon since then and can be further improved upon. We have to be cognizant of the very important role our prime agricultural land plays in the tradition, history, and future of this province. We should not avoid spending as much time and attention on that one matter as we possibly can.

The second area we looked at dealt with major electrical transmission lines. The recommendations that came forth in that area followed through to ensure that policies dealing with oil, gas, and coal should also apply to major electrical transmission lines if land was to be taken for the development of a new form of energy corridor.

The third activity, in addition to the previous five, dealt with seismic activity. Legislation dealing with seismic operations is very different from that which deals with the other type of energy activity we have in this province. If a seismic operator wants to come on an individual's land, under the laws of Alberta the individual can simply say no and the seismic operator cannot go on that individu-

al's land. Most people in the seismic industry in Alberta and those who made submissions to us said, look, that's a good system; that really doesn't have to be changed. However, municipalities did argue that they should be in a position to provide some degree of permit of exploration to seismic operators, so there would be some responsible operator who might then repair the roads damaged in terms of seismic operations. The local municipality would be in a position to clearly identify who the seismic operator was.

Entry for surveying and test drilling was another area the committee made mention of. Basically we suggested and recommended that there should be at least a two-week written notice provided to all landowners if surveying and test drilling must be made on that particular individual's land. Currently there is no prescribed legal requirement to have anybody come two weeks before, or anything else. Essentially it is good manners on behalf of a large number of people in the business of surveying and test drilling, to let a landowner know. The committee also made mention of its interest in energy development on public lands, and I've no doubt at all that one of the members of the committee might wish to comment on that this afternoon.

In the area of well-site locations, the committee was very pleased with the work of the Energy Resources Conservation Board in recent years, in looking at the whole question of where well sites should be located. Traditionally in North America and certainly in the province of Alberta, well-site locations tended to be in the centre of quarters. In recent years, because of public hearings and public interest — first in the Grande Prairie area in the spring of 1980 and then public hearings in the Edmonton area in March 1981 — the Energy Resources Conservation Board has moved to see site locations moved to the boundaries of quarters. That, of course, really reduces the impact of energy developments on agricultural land.

Mr. Speaker, our report has recommendations on the question of water wells and, finally, concludes with a section dealing with surface mining, including four specific areas of recommendation. On the question of surface mining — that is, essentially open-pit mining, opencast mining — everybody has to recognize and appreciate that only relatively small areas are being disturbed at any one time for the purpose of coal mining in western Canada. Watching television and reading newspapers from time to time, one gets the impression that half of all of western Canada is being ripped up for coal mine development. Compared with other land uses, the specific number of acres used for surface mining are quantitatively minute, if that's an expression one can use. In British Columbia, in any given year, only approximately 450 acres are used for surface mining, all in the mountainous area in that province; in Alberta, 130 acres in the mountain and foothills regions and some 300 acres in the plains; and in Saskatchewan, approximately 320 acres on the plains.

Mr. Speaker, that's a very, very quick overview of 70 recommendations, over 10,000 pages of testimony, 363 submissions, 45 days of public hearings in the province of Alberta, and several more weeks of discussions with officials and people in energy-related matters in the states of California, Wyoming, and Montana. Our committee also had the opportunity to review the coal mining developments in the Midlands area of the United Kingdom, as well as the gas field areas, diking areas, and land use surface areas of Holland, and the coal mining area of northern Germany.

In concluding, I want to make mention of and give my thanks to all Members of the Legislative Assembly, who were very co-operative through the select committee when it was setting up its time frame for public hearings. It was very positive to all nine members on the select committee on surface rights to know that in some areas, in fact in most areas, members of the Assembly were in a position to be in attendance at the public hearing held in their constituency and to be very active, in fact asking their constituents to be in a position to come forward with good ideas. That expression of appreciation and thanks extends to all Members of the Legislative Assembly. All were very, very co-operative and positive in that area.

Mr. Speaker, I'm very proud of this report of the Select Committee to Review Surface Rights. In fact it's almost a best seller. The original press run printed 2,500 copies. They were made public on November 30, 1981, and were out of stock by January 10, 1982. So we had to go to a second printing. Our total number of copies in existence was 3,500. It's a good report, Mr. Speaker, and I hope all Members of the Legislative Assembly can support the recommendations in the report.

Thank you.

MR. MUSGREAVE: Mr. Speaker, it was an interesting task to serve on this committee. I'm not sure I'd want to do it again, though. There were too many meetings in too many places. I would like to commend the chairman, though, who set the tone for the meeting in an informative manner. He was very able in summarizing why we were having the review. In spite of the loquaciousness of some members of the committee, he was able to complete his task in a reasonable time. At best, I would say he tried very hard to be neutral and ensure that both landowners and industry representatives received fair hearings. In my view, he did an excellent job, and we should all be thankful for his work.

At the urging of the Farmers' Advocate, many farm groups were heard. I'm sorry the Farmers' Advocate has left. Some district agriculturists even used the same form letter urging people to attend. Similarly, committee members — and I was one of them — urged particular interest groups to be sure their views were put forth. So we heard from many people and organizations.

Mr. Speaker, today I want to speak primarily on the views of the oil and gas industry. Speaking from an industry point of view, I was impressed by the reminder to the committee that many thousands of leases are in existence and have been renewed so that the majority are now for five years or less, and have all been completed in a fair and equitable manner. There was no hassle, just excellent relations continuing with farm people, who, after all, are the industry's best customers.

Now this has changed. Some owners, using a familiar union device, have banded together to demand more, not because they've suffered a greater loss but because, in the words of Samuel Gompers, that old labor union pioneer of the garment workers in the city of Chicago, when asked what the unions want, had one simple answer: more. Already we have some owners saying that the up-front charge should not have either a limit of \$1,000 an acre or a limit of \$5,000.

In spite of the feelings of some of my rural colleagues, I believe we have to become more aware that the days of increasing oil and gas prices are over. Western industrial consumption is down 16 per cent, partly because of markets and partly because of conservation. No one, in the industry or throughout the world, expects consump-

tion to rise again to its former level. This is why OPEC is in trouble and why the British government recently lowered the price of oil from the North Sea by \$4.50 a barrel.

I'd like to read a story that appeared in *The Calgary Herald* last week. It's headed, "Oil, gas land sales drying up":

... the already-dismal record of 1982.

In its latest fortnightly auction of oil and gas licences and leases, the Alberta government [received] \$5.8 million [compared to] \$19.4 million collected ... last year ...

During the first quarter of 1981, oil companies paid the province about \$105 million for petroleum rights.

In the same period this year, it's down to \$72.5 million.

And the amounts collected in 1982 have been shrinking during each auction.

Now if the government does believe that there should be an up payment for a right of entry, in my opinion it should be at the expense of the Crown and it should be paid for all who acquire land, whether it is the highways department, the oil industries, or a municipality.

Mr. Speaker, as one who has lived in Alberta for most of his life and who remembers when international company meant men and women of good will working throughout the world looking for opportunities, I find that some of the opinions and positions regarding oil companies expressed at the hearings were distressing, to say the least. Many of them were valid, but others were certainly open to question. Governments and people everywhere must realize that the oil industry produces a product that is liable to the pressures of the market place. It is a commodity and, as OPEC is realizing, when the price is too high, people will cut back and look for other products. With this in mind, Mr. Speaker, I want to give the Legislature some of the reaction of the group of professional people who are the front-line troops of the industry, the landmen and landwomen.

I might say that we as a committee had a consensus but, I emphasize, we did not have unanimous agreement on many issues. Also I should say there are some instances where I do not agree with the petroleum landmen, even though they agreed with the committee's recommendations. Some of the stories we heard were of disputes that occurred not recently. On investigation and questioning, we found that some were as many as 15 years old. Times are changing, and both landowners and government should be aware of this. The landman of old is no more. There are now over 100 landwomen and, in many instances, our landmen are university graduates born and raised on Alberta farms. So you have more responsive and more responsible people in the land business than you had in the past.

I would now like to deal with some of the specific recommendations and responses of the landmen's association. I'm not going to deal with those in the report that they favor. I just want to deal with the ones they objected to. The first one is:

... membership of the Surface Rights Board needs to be expanded to ensure local expertise.

During our hearings, you got the feeling that in some areas maybe political appointments were made to the board with not too much concern about the problems they were going to be faced with. The landmen's association points out that there's a possible conflict of interest, a lack of continuity between districts, and a possible lack of expertise.

Moving on to the committee's recommendation that the board implement a policy of holding actual compensation hearings in convenient locations within the proximity of the subject site and further avoids the holding of hearings on-site,

The CAPL disagrees with this recommendation in that it is inconsistent with the previous recommendation [of our committee]. In the case where an inspection is requested and the hearing is at some town or place distant from the site, the workload of the Landmen would be substantially increased in that he would have to attend on-site as well as at the hearing, at different locations and at different times. It is our recommendation that hearings be held on-site where possible and at the same time as the inspection . . .

Another recommendation of our committee — and our chairman pointed this out — was that the decisions of the board be issued within 14 days. They point out that because of the difficulties the board is having getting out its orders now, they feel that 30 days is sufficient. They would actually prefer 60 days. So you can see some of the dilemmas we're faced with.

Another recommendation, 2.5, is:

The Committee recommends that the awarding of costs be left to the discretion of the Board, and in this context the Board recognize the landowner-farmer-rancher as an agricultural expert and the Board recognize the land agent representing the company in question as an industry expert.

That was our recommendation as a committee. The association strongly disagrees with this recommendation, for several reasons. First of all:

The recommendation is capable of being interpreted in such a way as to disqualify landmen from giving evidence with respect to agricultural damages, losses and values, areas in which many landmen are now expert.

Secondly, in the opinion of landmen, it's a direct attempt to qualify a landowner to ask for and receive expert witness fees for appearing on his own account. There is no current standard by which such fees may be set. The Surface Rights Board's current practice of awarding reasonable out-of-pocket expenses to the landowner for his time is sufficient.

Also they want go on to point out that the recommendation offends the basic legal position that in order to be an expert, you have to prove yourself an expert. Just as many landmen are not experts . . . many landowners are not experts. This section, in the opinion of the CAPL, would do away with the necessity of proving expertise and confuse the long-established format for dealing with expert evidence.

Again,

The Committee recommends that the Surface Rights Board receive all evidence under oath.

Mr. Speaker, if every one of us were under oath at many of our hearings, I suggest they would have been much briefer. But they do make one point. If you are going to have them under oath, make sure the appropriate enforcement of breaches of this is taken. If someone gives evidence under oath and is found to be wrong, he should be charged under the Criminal Code.

As our chairman mentioned, we recommended a library of surface rights agreements. There is an area here of concern to the landmen; that is, under the Land Agents Licensing Act

confidentiality of negotiations and agreements is required of a licensed landman. Obviously this conflict would have to be resolved.

Another area of concern is the notice of review of surface lease rentals. We recommended that the Surface Rights Act be amended to make it necessary that the operator give written notice . . .

But

The existing legislation requires that each party represent their own best interests as prudent businessmen operating within a free enterprise system, therefore, the [association] disagrees with this recommendation.

Now we come to the tough one, the recommendation for force-taking. As I mentioned earlier, I would agree with the oil and gas companies, the power companies, and anybody else who wants to force-take land, only if the Crown agrees to pay the compensation. I think we've hit the oil industries, and many other industries, too hard and too often and too long. The recommendation was that there be an up-front payment of \$1,000 and a maximum of \$5,000. As I said, they are against this for many reasons. First of all, I mentioned the fact of common law. You have a right to enter upon land in order to recover the minerals. We are now creating a new compensation, yet there's no transfer of title. We are really getting into a very difficult area with many legal implications that would have to be carefully considered before the government would adopt this suggestion.

Another recommendation was that

the interest rate . . . be the prime rate as determined by the Bank of Canada on the date of right-of-entry

. . . . They point out that when the bank rate changes — and it can change every week — this can be a very difficult measure to use in determining compensation.

Another one that I strongly support the CAPL on is:

That the Land Agents Advisory Committee determine a code of ethics and standards of conduct for land agents in Alberta.

I agree with the general feeling of it, but the concern I have is: what about a code of ethics for landowners? Perhaps we could even get the Farmers' Advocate to draw up a code of ethics for farmers. That would be an interesting challenge for him.

Another recommendation is:

That a complete package of information relative to surface rights in Alberta be prepared by the, and this is important, Mr. Speaker, Energy Resources Conservation Board, the Alberta Surface Rights Board, the Office of the Farmers' Advocate, and the Registrar of Land Agents . . .

Surely we will also contact the landmen's association and have some input from the industry.

On right of entry, we say that right of entry should be a mandatory part of the application. They are concerned with part (c) of this recommendation, because we have to have the respondent's rejection and objection, and reasons for the objections. What they point out is that the respondent — the farmer, landowner, or whoever he may be — could delay the application indefinitely simply by not responding. They suggest that a specific time limit be given in which he can respond, and I'm sure the Minister of Agriculture will take this into consideration.

[Mr. Purdy in the Chair]

Another recommendation they are having some trouble with is 2.2:

That prior to the granting of a right-of-entry order, the Board shall have in their possession a written offer from the applicant to the respondent . . .

It goes on to say that the amount of money paid should be up to 85 per cent. The problem in relation to the recommendation is that they feel the applicant would pay 85 per cent of his written offer to the respondent in all cases, and it would substantially increase the number of cases going to a hearing, thereby making the compensation hearing a farce from the company's and industry's point of view.

Another item was recommendation 2.4, where it pointed out:

that the order stipulate line or lines, well or wells, and describe those surface structures that might be anticipated in the future.

That's like us trying to answer the rhetorical questions the opposition sometimes lobs at us; we always defend ourselves by saying we can't answer those. The industry is saying the same thing. How do they know what's going to be recommended in the future? They don't have crystal balls.

On review of annual compensation, the committee's recommendation is

that Section 36(2) be deleted from The Surface Rights Act, and that The Surface Rights Board accept applications and schedule hearings for the updating of agreements signed prior to 1972.

Mr. Speaker, this generated a fantastic amount of debate in our committee's deliberations, and I agree with the position of the landmen on this. They do not support retroactive legislation of any kind.

I have a few more here. First of all, recommendation 1.1, on conservation. We recommend:

That the Land Conservation and Reclamation Council become more aggressive and vigilant . . .

The CAPL believes that

the Reclamation Council is doing a good job and ought not be required to become more aggressive and vigilant. Secondly the Council, in our view, has no mandate to preserve prime agricultural land; it only ensures that when any land is occupied for industrial land, including prime agricultural land, that such land be restored in a reasonable facsimile of its original economic and/or ecological capability.

Moving on, recommendation 1.2 ties into the previous one. They do not support the recommendation:

That the Energy Resources Conservation Board include as part of its licensing requirement, strict reclamation-restoration guidelines to be known as the 'Soil Protection Order' . . .

Another area of concern is entry for surveying and test drilling. I think the chairman mentioned our conversation with the surveyors. There was quite a bit of input on this matter, particularly from some members of our own committee who had some rather disastrous experiences to tell us. The CAPL says:

Surveying requirements are covered both under the Surveyors Act and Section 14 of The Surface Rights Act and this recommendation would only serve as another delay tactic.

On public lands, they cannot go along with our recommendation of the force-take because, as they mentioned previously, they oppose the concept. Another area of concern they have is occupied public lands. We recommend:

That the present system which necessitates an operator to deal with both the Crown and the lessee, be retained.

The petroleum landmen disagreed with this recommendation, because they felt there's going to be

rapidly escalating costs of acquiring surface rights and the trend towards increasing periods of operational delay,

and I hope my colleagues, particularly my rural colleagues, are listening,

at a time when the industry is faced with the task of achieving Canadian self-sufficiency within an ever diminishing time frame.

Mr. Speaker, I think those are most of the areas I'd like to speak on, and the concerns I wanted to bring to the attention of the members. I'm sure other members will touch on other areas, such as the concerns of transmission companies and some of the other companies who are concerned with pipeline and power line rights of way.

In conclusion, I would again like to say I'm pleased I was able to serve on the committee. I thank the Minister of Agriculture for asking me to do that. I do want to say once again that I think our chairman did an excellent job, and he should receive the praise of all the members of this House.

MR. MAGEE: Mr. Speaker, in speaking today on Motion No. 10, on the report of the Select Committee to Review Surface Rights, I would first like to say it was indeed an experience to be part of this endeavor of assessing the problems that exist between Albertans who are part of our two most important resources in this province — agriculture and the various types of energy that exist underground and from our rivers — and through this report establish considered recommendations that will guide this and future governments in improved relations between these two great industries, and at the same time ensure to all Albertans, whether living in a rural or urban setting, the use of these agricultural and energy resources to the economic benefit of all, and that the surface of our province will suffer the least possible disturbance, so that the present generation will turn over to future generations a land surface which will continue to have the capability of providing food, forestry, clean air, and uncontaminated water, with the least possible disruption to the operations of these two industries while the extraction of underground minerals and river energies are being utilized for the benefit of all Albertans.

A large assignment you might say, Mr. Speaker, and indeed it is. Many worth-while laws now in effect have largely stood the test of time. Nevertheless, fine-tuning of these laws is necessary, as well as some rather dramatic changes to improve these laws to meet the changing conditions of the present and the future, as we see them today. The future is oftentimes cloudy. I guess that is why the old adage was coined by some now-forgotten sage, who remarked that hindsight is to have 20/20 vision.

Because of the many subjects in this report to be debated, and because of a very long list of speakers who wish to debate and comment, I would like to restrict my contribution today to the subject of above-ground transmission lines. A good deal of interest has been exhibited on this subject during this 19th Legislature. Two years ago, Motion 204, presented by the hon. Member for Three Hills, provided a very interesting debate on the problems associated with agricultural concerns for the location of transmission lines. While the agricultural community recognized the necessity of these lines, their

main concern was not so much with the local distribution systems, which generally follow the road allowances and quarter section and section lines throughout the province, but the proliferation of major hydro transmission lines, which often follow the most direct line; that is, cross-country routes, taking the shortest point from source to destination. These often cut diagonally across their farmlands and create many problems in their farming operations. I will not go into this specific matter today, as the previous debate certainly brought the problem into high perspective.

In addition, on October 26, 1979, the electric transmission line committee was established to make recommendations to the Minister of Utilities and Telephones. This report was developed by in-house members of the departments of Environment, Utilities and Telephones, Agriculture, the Attorney General, and the public lands division of Energy and Natural Resources. It was commissioned to bring in a report by the summer of 1980 and provide a policy statement of its recommendations, which was tabled in this House by the Minister of Utilities and Telephones on October 27, 1981, as a statement of policy respecting the location and approval procedures for major electric transmission lines.

It was very enlightening to observe the close relationship of recommendations this in-house group and the select committee were able to produce. One was based on the experience of specialized personnel in the departments and one on the concerns and recommendations of individuals, associations, and utility company representatives, as expressed in their briefs to this committee. Its recommendations were compiled after it had had the opportunity to observe and consult with other jurisdictions, as relayed by the chairman of the committee, in California, Wyoming, and particularly in and surrounding Los Angeles, and as well its study of agricultural activities and the impact of transmission lines on its operation in the United Kingdom, the Netherlands, and the federal Republic of West Germany.

Mr. Speaker, the committee members were particularly impressed with the agricultural activities in and around electrical transmission line corridors. To name a few, there were tree nurseries, private gardening, market gardening of vegetables, hay and grain growing, as well as commercial and recreational facilities, public parks, and parking areas. As a result of its study, the committee received no information whatsoever which indicated any adverse effects on the non-electrical activities being operated within the transmission rights of way in America, Canada, or the western Europe jurisdictions.

As a result, the committee made the following recommendations on this matter, under two headings. One is under Planning and Systems. It's recommended that the ERCB hold public hearings regarding the overall system of planning for electrical energy transmission corridors. These hearings should give all Albertans an opportunity for input. As you'll recall from the previous speakers, these hearings were generally held with the farming community and the individual companies who had a direct concern. But the committee suggests that all Albertans now have an opportunity for input. Alberta Environment and Alberta Agriculture should actively participate in these public hearings.

Once these initial hearings are made, the Energy Resources Conservation Board should initiate a set of public hearings to make recommendations of specific major electrical transmission lines. In determining the overall provincial system, every effort should be made to avoid

crossing prime agricultural land. But where such situations cannot be avoided, multi-use corridors should be developed for use by both the private and public sectors.

Secondly, on the matter of compensation, the committee came forward with three basic recommendations:

That improved guidelines and procedures be established to enable potential intervenors to make application for reimbursement for costs of intervention prior to their preparation and presentation at Energy Resources Conservation Board hearings.

That legislation provide the right to landowners to seek annual compensation for all major transmission line surface structures erected by utility companies, regardless of their date of placement.

That the time frame for the overall review of compensation be five years.

Mr. Speaker, I have taken members' time today in referring to Motion 204 and the policy statement on this subject, previously mentioned. However, I feel that this is the opportunity for an appeal to all interested Albertans to read and absorb all they can on this subject, as a proliferation of single high-voltage transmission lines will create, in years to come, an obstruction to our view over this beautiful province as we drive around it. As well, while wells and pipelines disappear or are out of sight by being buried beneath the surface, transmission lines will be with us for decades to come and will create a blight on our landscape in every direction unless we take steps at least to reduce their visual obstruction as much as possible. As well, in our important black soil areas surrounding our cities and larger urban areas, the lands under these transmission lines should be put to use rather than lie idle as they are now in most cases; that is, within our city limits and the outer peripheries in the areas of undeveloped subdivisions.

New technology in the design of hydro transmission poles will, if used, contribute much to the correction of some of these problems. The evolution of tapered steel transmission poles will assist in many ways to reduce site problems as well as obstructions farmers have to face, rather than having the regular lattice type of structure we see today. Because of their very small base, these tapered poles can be located on fence lines, even with very high capacity requirements such as the 765 kv. lines now being developed in Quebec, the 500 kv. lines which are now becoming common in this province. Up to even 1,220 kv. load lines can be located on this slim, high, single-pedestal type of structure.

Also their slim, high profile will permit much less use of land area within the cities, which can have a measurable impact on the costs of servicing which has to cross these lines. I personally feel that this added height feature that can be attributed to these slim structures with a small base will even permit the building of residential houses under these lines.

So while we still have more things to study and improve on, Mr. Speaker, I feel we can quite easily improve on our present system in the years to come. I urge all members to approve this report and, in particular, this section as tabled.

Thank you.

MR. CLARK: Mr. Speaker, as a former member of the legislative committee on surface rights, it's a pleasure for me to take part in the debate today. As a committee, we travelled the length and breadth of this province, and sat down with both the rural people and the industry. To say the least, it was a learning experience. I must say that

some of us on that committee learned a little quicker than others, but it was a learning experience.

At this time, I would like to say how much I appreciated the committee. It was made up of people of different occupations. Some of the industry accused us that it was loaded with farmers. I said that, if anything, it was loaded with schoolteachers; I didn't see many farmers on it. Anyway it was an interesting committee and was chaired by a very capable person, the Member for Barrhead. I know we all appreciated his input and hard work on the committee. We affectionately called him Chairman Mao. He sometimes even let us win an argument or two, and I thought that was kind of nice of him at the time. I would like to say a personal thank you to all members of the committee for allowing me the privilege of being a member of that committee. I guess it was members like the hon. Member for Bonnyville and the hon. Member for Calgary McKnight who made it so interesting. Sometimes when we sat down in Red Deer to put this altogether, I wondered if they had been at the same hearings.

When we speak of surface rights in Alberta, we immediately think of the gas and oil industry. The gas and oil industry is really only a part of surface rights acquisition in the province of Alberta. Every time we build a power line or a dam, and every time we or a municipality widen a road, some landowner is forced to give up the ownership and use of his land for the public good. When they are driving down the road, maybe some people should ask themselves a simple question: when was the last time I gave up anything for the public good in Alberta? Maybe it would change their attitudes a little on what the farmers are giving up.

The legislation we now have says, in very simple language, that when a farmer gives up his land — or is forced to give up his land, would be a better wording — for the common good, he will be no better off and no worse off than he was to start with. To our modern farmer this is really an unacceptable situation, because they are businessmen. Farming is no longer a way of life. It's a very competitive business, and they feel their land is there to make a profit. If they are forced to give up this land for any reason, the profit they would have made on that land should become part of the compensation for the taking of that land.

In effect they are saying that even if the Alberta government, the oil companies, or anybody, takes the land, the no-better-or-worse formula we have used for years in determining the compensation landowners receive is no longer acceptable. They are saying that when a small piece of land is taken for road widening, a pipeline, or for any other reason, this small portion of land cannot be replaced to their land holdings and, for many years down the road, is a loss in their income that they should be compensated for. They're also saying that when they are compensated for a 10- or 20-acre parcel, it is impossible for a rural person to roll that over into another 20-acre parcel; they are forced to pay capital gains, and this capital gain should also be considered a loss the farmers should be compensated for.

On the other hand, industry is saying quite simply that if it has to pay more for the acquisition of land rights, it is going to increase the price of utilities and gas and oil to the consumer. I agree with that statement; I believe it's true. But the farmer who loses his land does not really believe that it's up to him to suffer a loss for the benefit of all Albertans. He is saying that if it benefits all Alberta, then all Albertans should equally share in the cost. In a nutshell, I guess this is really the situation our

legislative committee found itself in in the rural areas when we got between the rural landowners and the industry. Both sides came up with some very convincing and excellent arguments. We had a difficult time coming up with something that would be fair to the oil companies and the industry and, at the same time, compensate farmers for the losses they incur when, under the forced-entry clause of our legislation, the general public takes land from the landowners for the public good.

One of the more controversial recommendations of the surface rights select committee was the forced-entry payment of so much per acre. The forced-entry payment recommendation was made for the precise reason I just mentioned: to compensate farmers or landowners for the force-take aspect of the legislation, which is now in effect and which gives the right to certain utilities and companies, municipalities, and government to force a landowner to sell his land, against his will, at a price set by a government body. This report simply recommends that the farmer be compensated for that right of entry in that forced-entry clause.

Annual rentals on pipelines and power lines caused a great deal of debate within the committee itself and was not among the recommendations made by the committee. This recommendation was made to the committee by almost 100 per cent of the landowners who put in submissions to us. We made no recommendation. We left that up to negotiations between the industry and the surface rights groups. From talking to the president of the Alberta Surface Rights Federation, I understand that Nova has agreed to pay annual rentals on their pipelines. So I think this is something that can be settled between the industry and the surface rights groups.

The president advised me on the phone last week that the surface rights groups were very concerned that annual rentals was not one of our recommendations and that they might be prepared to go so far as to boycott any more agreements until such time as industry is prepared to look at annual rentals on pipelines and power line rights of way. This would have a tremendous effect on an already overloaded Surface Rights Board, and I think that if this were to happen, it would be detrimental to the industry and the people of Alberta. So I hope that industry will begin to listen to landowners and to some of the surface rights groups, so that some meaningful negotiations like those that took place between Nova and the federation, can take place. As a group, we made no recommendations for or against annual rentals. Our report is quiet on that. Whether they should be paid is up to the agreements worked out between the industry and the people.

I would like to speak very briefly on one other recommendation in the report, that all agreements, even those signed before 1972, have a five-year renewal clause. This was debated at length, and the feeling of the committee was that the industry had had ample time to renegotiate that clause, and to bring them all up to a five-year review. In all fairness, 90 per cent or so of the industry has done this. But in their submissions to us, both industry and farm groups have said that a renewal clause should be in effect for all agreements, not just those from 1972. The landowners have said that five years is too long; that it should be a three-year review, similar to Saskatchewan's. The committee's report on this issue recommended that all leases be upgraded and renegotiated every five years.

On pages 27 and 28 of the report, the committee made several recommendations in the area of major electrical

transmission lines. But one of the more controversial ones is:

That legislation provide the right to landowners to seek annual compensation for all major transmission [line] surface structures erected by utility companies, regardless of their date of placement.

This of course is of concern to the utility companies, because they are saying it's going to increase the price of power to Albertans. On the other hand, farmers are saying exactly what I said in my opening remarks. They do not believe it's up to them to subsidize the rate of power for all Albertans. Not only are they saying that, but they are also saying that annual compensation should be paid, not only on the structures, but on the entire right of way the companies have leased.

As a farmer, I would much rather have a pipeline across my land than a power line. Even though the pipeline places a lot of restrictions on your land, at least you can farm over it, and there's no weed problem. If it's reclaimed right, it has not too detrimental an effect on your farming operation. But a power line is a different matter, because there is a continual weed problem. If you grow anything under the power line, the power companies have the right, at any time, to come in and drive through your crop. If they damage that crop, it's up to you to prove and collect the damages. So farmers and rural people are saying they would like to have complete annual rental on the right of way the utility company leases from the landowner, and has access to.

However, the committee again remained quiet on this aspect of annual rental on the complete right of way. We made no recommendation on that. The only recommendation made was annual rental on all above-ground structures on major power lines. We did not make any recommendations whether the farmer should receive any rentals on rights of way and power line leases. We again left that to the negotiations between the surface rights groups and farmers, and the company.

Mr. Speaker, I would like to conclude by mentioning one other area of real concern to landowners. When we went around Alberta, we had many, many briefs on reclamation, not only of oil sites and pipelines; people are also concerned about allowing good farmland in Alberta to be used for surface mining. They're concerned that the land would not be reclaimed to its original state. I believe they're also concerned that the importance of good farmland in Alberta does not have as high a priority with our government as maybe it should have. That was brought up to us several times, and that our land surface reclamation people were not really doing the job they should in rural Alberta. They should be out there to ensure that land, when disturbed by the gas and oil or mining industries, is put back in as good condition and productive value, or even better, than it was before.

We looked at the reclamation Act as it is now in effect in Alberta, and came to the conclusion that the Act itself was workable, but maybe the land conservation council should become a little more aggressive and vigilant to ensure the conservation of good topsoil and the preservation of prime agricultural land. We also recommend:

That the Energy Resources Conservation Board should include as part of its licensing requirement, strict reclamation . . . guidelines to be known as the 'Soil Protection Order' as determined by the Land Conservation and Reclamation Council in consultation with Alberta Agriculture . . .

We also made a recommendation that the Land Conservation and Reclamation Council address itself to up-

grading the qualifications of some of their reclamation officers, and that the local reclamation officers become part of local agricultural development committees. On pages 25 and 26 of the report, we made several other recommendations in regard to surface mining reclamation. At the present time an MD such as Edmonton, wanting to produce power, takes land for a mine under the Expropriation Act. But a private company like TransAlta or some other power company, goes to the Surface Rights Act. So you could end up with people in rural areas losing their land to surface mining and wondering why there could be such a discrepancy in some of the payments, because two different bodies bring in the compensation for it, and they work under two different Acts. There could be two entirely different sets of rules. So we looked at whether we should put it all under the Expropriation Act, the Surface Rights Act, or bring in a new Act especially for surface mining.

We also recommended that when a landowner had to give up rights to his land for surface mining, and it took a part or all of his farm, the landowner be adequately compensated to re-establish a home or farm on land of equal value. By land of equal value, I don't mean telling him, when he was 10 miles from the city of Edmonton, to go 100 miles, or to go down to Drumheller. I think it's got to be fair. If he has land within a radius of 20 miles of Edmonton, he should be paid enough compensation so that he can re-establish himself in that community.

Another recommendation is that the landowner should be in a position to initiate the procedures of the sale of his or her land, when he thinks it was desirable to buy. People were pretty determined on this recommendation. If a landowner's farm is expropriated for surface mining, he then has no idea when it's going to be required by the mining company, and when he's going to lose his farm. It could be five years, 10 years, or six months. He doesn't know from one day to the next when the company will decide to buy his land.

It is therefore desirable for him to be able to say: I have found a farm I would like to have in this area and, seeing my farm is in the land that's going to be mined, I would like you to buy it now; I will move out, give you the land, and buy my farm. If the mining company didn't need that land, it would be in a position to rent it to somebody for the ensuing years, and the landowner would be entitled to go out and buy a farm of equal value that he agreed on, with no rush. One recommendation was that the landowner should be in a position to initiate the sale at such time as he desired to buy a new farm.

Another recommendation was that when we reclaim surface mining, it be reclaimed at a productive level as good, if not better, than before mining took place. I had the privilege of going into the States with the committee, and looking at some large mining areas where they're moving 150 feet of topsoil to get down to the coal. They're putting that land back in better shape than it was before, as far as productivity is concerned. If they can do this to produce power in the United States, I can't see why we can't do it in Canada, and produce power at a profit. I can't see why our reclamation standards can't be just as high as they are in a similar area in the United States.

In closing, Mr. Speaker, I would just like to say that I believe it is important that to help clear up the backlog of the Surface Rights Board, Alberta begin to implement some of the recommendations in this report. I personally would like to see some further negotiations between in-

dustry and farm groups in major areas of concern that are still there. I don't believe they're going to go away. I mentioned some of them: annual rental on pipelines, power lines, and other areas might have to be renegotiated. But I believe the government has to take some steps in the immediate future to implement the recommendations we have made. I hope all members of the Legislative [Assembly] will support this report.

Thank you very much.

MRS. CRIPPS: Mr. Speaker, as the M.L.A. for the constituency of Drayton Valley, I'm acutely aware of the vital role of both agriculture and oil in the economy of this province. I was pleased to be a member of the select committee on surface rights, which had the stewardship of trying to come up with a reasonable solution to that problem.

Mineral rights are generally held by the province. When they are sold, the buyer of course is guaranteed the right to develop them; that is, the right of entry. Over the years, the problem has arisen because mineral rights and surface rights are held by two different owners. The development of these two resources is often incompatible and, in fact most of the time, causes serious conflict between the two owners. The assumption is that the mineral holder will negotiate an agreement with the surface owner regarding the area needed for mineral development.

Mr. Speaker, the difference in interests between these two groups has caused antagonism, distrust, and outright conflict. I sincerely believe that some of that conflict has resulted from misunderstanding and lack of communication, and partly because of insensitive legislation. I won't try to recap all the changes that have taken place since 1972; I'll just say that I really believe there were some very unjust abuses of the right-of-entry privileges in the early years of the oil industry. These issues have resulted in some animosity still being felt in rural areas of Alberta where the oil industry was prominent in the early '50s.

As I said, I was pleased to be a member of the select committee on surface rights, which was to take an in-depth look at these long-standing problems. From my point of view, and from the point of view of representing the constituency of Drayton Valley, the select committee report must — and I repeat that, Mr. Speaker — must be fair to both agriculture and the oil industry. I want to re-emphasize that point. The report had to be balanced, it had to be fair, and it has to be reasonably acceptable to both industries. I have been questioned by one industry or the other: why wasn't this in the report? I usually answer: because we felt it just would not be acceptable to either the agricultural industry or the oil industry. If it's totally unacceptable and not fair, I don't believe you can put it in a report meant to resolve conflicts, rather than create more. I believe this is the key to assuring reasonable, amicable agreements between two diverse, dynamic industries: oil and agriculture.

I'll try briefly to outline my major concerns. I'm certainly not going to go into all of them, because there are many speakers and I know the points will be well covered elsewhere. The first major concern I had when elected, and have carried to the point of bringing in a motion, was the location of well sites. It just seems incredible to me that you have a well site — which has to have an access road, a power line leading to it, and pipelines leading from it — located in the middle of someone's quarter section. It was a subject of emotion on October 28, 1980. I was really pleased that the ERCB made a ruling which

moved the oil site location to the northeast corner but, more important, noted that the location should be flexible. I think it's extremely important that we have to be flexible in the location of these wells.

The other problem I've come across many times in my constituency, with regard to oil well location in the middle of a quarter, is the lease roads. There are hundreds of miles of lease roads in my constituency, which are about 600 feet off the road allowance. There were no roads in the area at the time, so they took the line of least resistance, which was from well to well. All those roads are now causing major problems, because the area has become settled. They run across the centre of a quarter, cause a lot of problems and, in my estimation, are another example of lack of foresight.

I hope the Minister of Energy and Natural Resources, the Associate Minister of Public Lands and Wildlife, and the Minister of Transportation will take a look at ensuring that future roads built to oil well locations are built on road allowances. With the movement of the site to the northeast corner, I think this will probably be far easier to do. The government may in fact have to give some assistance to compensate for extra costs of building the roads on road allowances, but I'm sure those costs would be reimbursed many times over if the area were settled in the future.

The second area, compensation, of course was a key issue throughout the province. Since other members to a degree have covered the initial compensation of the lease site, I won't go into that, except to say that those compensation payments are not freely negotiated. Any indication that they are, is totally wrong. Everyone who negotiates a well site or, for that matter, a pipeline right of way, knows they have no alternative. The oil company or the mineral holder, whatever they may be, has a right of entry. I guess that's caused a lot of conflict throughout rural Alberta, because everyone knows they are not negotiating freely. They have a club over their head, which is the right of entry.

The one change that I think is particularly important is Section 36(2) of the 1972 Surface Rights Act:

This section applies only to compensation orders made after January 1, 1972.

Mr. Speaker, in my constituency, many wells were drilled prior to 1972. If the oil company or, for that matter, the farmer cannot come to an agreement on annual rentals of any well locations drilled prior to '72, they have no recourse. I believe this is a key recommendation in our report: they have to be able to take all renegotiations of lease rentals to the Surface Rights Board. In fact, I believe this is one of the key recommendations which will be of assistance not only to farmers but to oil companies.

The other area of compensation I had a major concern about is tying it to the land. Newer fields probably don't have that kind of problem. But in older fields where land may have changed hands, a major problem shows up. If we don't do something about it now, I think it will be a major headache in the years to come. The yearly rental is paid for loss of use, inconvenience, and damage. An absentee non-landowner certainly does not have any inconvenience, loss of use, or damage. For that reason, I believe the annual compensation should stay with the land. I believe this will benefit not only the landowner but, again, especially the oil company, and I highly endorse that recommendation in the report.

In our hearings it became apparent that reclamation was one of the major concerns. Since the Member for Drumheller adequately outlined the recommendations we

made on reclamation, I certainly don't intend to go through all of them, except to say that we talked about the temporary reclamation certificate. I believe it is important that that should be implemented.

I also want to mention the area of reclamation and conservation of water wells. The onus should be on the mineral companies to prove that they don't adversely affect water wells. I believe the Department of the Environment should do some major studies on water formations in this province. I really don't believe we know what's happening to ground and surface water. Certainly the owner of a good water well shouldn't have to prove that someone else damaged his well. If there's been recent activity in the area, they should have to prove they didn't damage the well.

I think we have to give special consideration in the area of reclamation, recognizing that gray-wooded soil and shallow soil conditions are unique, and that they're far harder to reclaim than the heavy black soil areas of the province. In the special areas, we noted it takes years and years to reclaim some of that good grassland. There can't be blanket, overall reclamation regulations for this province, unless it is that the land must be as good or better than it was prior to drilling, open-pit mining, or whatever it may be. After visiting some open-pit mines, I came away firmly convinced that good reclamation is possible, and that the onus needs to be on the government to ensure that companies know what is expected of them, that legislation is in place, and that good practices are adhered to.

I think the Land Agents Licensing Act is a move in a positive direction. That came out about the same time as our report, so we really don't know whether it will be effective. But, believe me, we certainly heard some horror stories about dealings with the farmer. I believe that's one of the reasons the committee recommended the information package, so that everyone believes they're working from the same footing.

Mr. Speaker, the last issue I want to raise is the trauma to a community or farmer faced with the loss of his home and livelihood by the development of an open-pit mine. Again, the Member for Drumheller raised it. It's certainly important that we take a look at adequate compensation for the loss of a home or farm. This was a subject in an earlier debate, so I won't dwell on it, except to say that I think we must give careful consideration to the concept of a farm for a farm. If the farmer is forced to move, he must not only be adequately compensated for his inconvenience but must be able to replace that land.

[Mr. Appleby in the Chair]

I hope that support of this resolution will result in legislation which will create an atmosphere of trust and mutual respect between the surface rights owner and the mineral rights owner. I only hope that, as is happening now, they will continue to discuss and talk to the groups. There's been a lot of movement in the last months, especially since the surface rights committee finished its report. The surface rights groups have been meeting with the oil companies, and I think a lot of the problems we've had in the past can be resolved by communication.

I appreciated working with the committee. We had eight weeks of travel, four days a week, three meetings a day. Sometimes I think that on some days it was an exercise in endurance. I'd just like to state that I see here that the Member for Bonnyville is again going to have the last word. I can say that that was usual. I had to get that

in there, Ernie.

I hope members of the Legislative Assembly will support this resolution. As I said earlier, Mr. Speaker, and I want to re-emphasize: when we bring in legislation, I believe it has to be fair not only to the agricultural industry but to the oil industry, because both are key to this province. As my constituency well illustrates, they can work together, and I hope they will work together amicably in the future.

Thank you.

[Mr. Speaker in the Chair]

MR. NOTLEY: Mr. Speaker, in rising to speak on the resolution before the House, initially I'd like to offer the observation that, by and large, I think the report before us this afternoon is a good one. I intend to support the resolution.

But I suppose the first observation that should be made is that we had the report made public last fall. One really has to ask one's self why we aren't examining legislation at this time. I say to the members of the Legislature this afternoon that I would like to see a clear commitment on the part of the government — I didn't notice it when the Minister of Agriculture opened the debate — that legislation is going to be prepared for the fall sittings of the House, presuming of course that we have fall sittings of the House, before Albertans are allowed an opportunity to judge the performance of us all. But it would have been much better if, instead of dealing with a resolution now, we were in fact looking at legislative changes based on this report.

Mr. Speaker, I want to deal with some of the recommendations. The suggestion

that all decisions of the Board be in written form and
... issued within 14 days of the compensation
hearing

is a good one. In addition, the whole question of opening up agreements concluded prior to 1972 is an important recommendation. I'd just like to say that, as members of the House are well aware, we've had continuing debate in this Assembly on agreements prior to 1972, particularly in the Redwater area. I recall the discussion that took place in 1972, when changes were made. We changed the right-of-entry arbitration board to the Surface Rights Board and, I think, took some reasonable steps in modernizing our surface rights legislation in that particular year. But the question of what happened to those agreements prior to 1972 was still left hanging. This report deals with that issue and, I think, quite appropriately so.

Perhaps not as major a recommendation, but an important one, is that a library of surface rights agreements be kept by the board. If implemented, it would go a long way to help farmers achieve equitable future settlements. Mr. Speaker, one additional recommendation that I think has considerable merit is with respect to the geophysical companies obtaining

a 'Permit of Exploration' from the municipality responsible for the roadway in advance of [that] exploration.

I think most rural MLAs would readily agree that while seismic exploration leads to oil development, which leads to revenue for the province, it also creates havoc with roads. The question of prior notification is going to be important. Because if compensation is required, the municipality is in a position to track somebody down, in fact to be able to find the offending company and recover

damages, if damages exist. Those are some good recommendations contained in the report. For that reason, basically, I support both recommendations.

I think there are a couple of problem areas. Much discussion has centred around the force-take payment. While that's a good concept, I think it acknowledges that farmers are at a disadvantage with regard to right-of-entry orders, but . . . And the "but" is: it doesn't take into account the serious problem of Section 23(2) of the current Act, which does not cover all the losses, tangible and intangible, suffered by the surface owner when a mineral operator exercises his right to develop. Therefore, Mr. Speaker, I suggest that this force-take payment should be applicable any time an energy operator requires agricultural land.

Just recently we had the brief presented by the Elk Point Surface Rights Association. According to Elk Point, there is a strong argument that this provision should be made retroactive to January 1, 1980. Not only would this be fair to the surface owners, who for a long time have been anticipating a better deal, but it would likely result in the dissipation of a number of cases now pending before the board.

Mr. Speaker, one area where there's been at least some representation has been the question of composition, where three members from each municipality will be on board hearings in a particular area. There seems to be at least a certain amount of confusion over their function. Presumably their presence is going to expedite the holding of compensation hearings and local understanding of the issues. But the suggestion has been brought to my attention, at least, that why not instead establish a mechanism whereby farmer representatives can participate directly in the board, both in permanent and part-time capacities.

Moving on from that point to deal with the suggested realignment of the responsibilities of the board, especially vis-à-vis the ERCB, I think there is a commendable, if you like, designation of responsibility there. But there is still not adequate provision for direct surface owner participation on either board. This is especially crucial with respect to the Surface Rights Board. Basically the method of appointment remains the same, the Lieutenant Governor in Council, and there are some legitimate concerns about that.

Another item raised in the Report of the Select Committee to Review Surface Rights is the suggestion that landmen be subject to some code of conduct. I would say that is generally well supported. It should be contained in legislation specific to the profession, and not left basically to the profession itself to undertake an exercise in self-policing.

Mr. Speaker, the other area I'd like to touch upon, and I think this is important, is what happens in the Lloydminster-Wainwright part of the province, where we have approximately 2.5 billion barrels of recoverable heavy oil. The suggestion has been made that we should take some real time and examine the question of directional drilling, so that we reduce as much as possible the negative effect of drilling on surface rights and land in that particular area. Even with drilling at the rate of 64 wells to the section, the recovery of oil in place in the Lindberg heavy oil field is only 7 to 8 per cent. As can be well documented, this results in a great deal of unnecessary destruction of food-producing soil for little return.

I don't think it's unreasonable to require that this destruction be minimized by the use of directional drilling. I know that some spokesmen in the industry suggest

that, as an alternative, this is prohibitively expensive. But it seems to me that we have to weigh the loss of agricultural land and other excessive operating expenses for the farmer against the impact on the operator of the mineral lease. With that in mind, it seems to me that where it is at all feasible, directional drilling should be emphasized.

In general conclusion, Mr. Speaker, I think it's fair to say that the report addresses many concerns that have been brought to the attention of Albertans and especially members of the Legislature. It's not too often that I congratulate government members, but I think they undertook their responsibilities in a very serious manner. They travelled extensively throughout the province, large numbers of Albertans attended the public hearings, and we now have a report which, by and large, represents a job well done.

But I think the major point I would close on is: where do we go from here? Because as long as they are simply in the form of a resolution to this Legislature, the best reports in the world simply express an intent. That's fine, but the situation is not going to be changed until we have amendments presented in legislative form. I know hon. members can say we need all kinds of time to review this and consider it. But I suggest to members of this House that before we accept or justify that kind of delay, we might well look back at what happened in 1971 and 1972. This government was elected at the end of August 1971. The Legislature was called six months later, in March 1972, and one of the very first items on the agenda of the 1972 Legislative session was The Surface Rights Act, introduced by Mr. Zander, the former Member for Drayton Valley, who had researched and done a great deal of work. I commend him for the work he undertook in major changes. Ten years ago, we had swift action.

Mr. Speaker, with that as a precedent, I say to hon. members of the House that we don't want to see this report simply left in abeyance, and say: well, the report if necessary, but not necessarily the report; or perhaps we're going to set up a caucus committee to study the report; or we're going to review it a little more; or what have you. It seems to me that here we have the basis of an effort to balance between the mineral rights owner on one hand and the surface rights owner on the other, an acceptable set of principles that should be put in legislative form.

In lending my support to this resolution, I simply say to members of the House that, with the record of 10 years ago as a guide, I trust that from the Minister of Agriculture we will have a complete rewrite of the Act, based in large part on the report of this special select committee, tabled and presented no later than the fall session.

MR. STEWART: Mr. Speaker, I'm going to make a few remarks this afternoon. In listening to the discussion on the motion endorsing the review of the legislative committee on surface rights, brought forward by the Minister of Agriculture, I'm pleased that from both sides of the House we have recognition of the fact that the legislative committee held hearings throughout the province and brought in a report that is obviously a compromise to both industry and landowners, and is being fairly well accepted.

I think it's recognized that the legislation we were operating under, over the last period of time, has somehow outlived its effectiveness. I guess the one thing that brought this piece of legislation into focus was the fact that so many applications for arbitration to the Surface Rights Board indicated that somehow the system, as it was designed, was not working to the best advantage of

either side. I think inflation is the factor that probably brought into focus any discrepancies perceived in the system as it was working. Consequently, with the rapid rise in the value of land, the significance of the compensation on a small portion of land paid to a person became increasingly important.

I believe that the system we had become accustomed to using for the negotiation of surface leases was not a balanced system and, consequently, was inevitably going to be criticized. When you have professional landmen working on behalf of oil companies, dealing with farmers who possibly had never previously had to negotiate a portion of their land and not really knowing what was fair and equitable, to my knowledge the greatest criticism was after the fact, in finding out that possibly their neighbor down the road, because he was a sharper horse trader, did a little bit better than they did. I'm not saying this in a discriminatory way against the landmen or the oil companies. I just think that in a lot of cases our system of trying to operate in secrecy, as far as private negotiations were concerned, did not work to the best advantage of the landowner.

Surface rights groups have sprung up around the province over the last period of time, since this legislative committee, and many of them have started to hold public hearings. I believe it's to the betterment of both sides, because a better understanding of what is fair and equitable is a very important part of negotiations. There is equally the opportunity for a farmer to ask a ridiculous compensation for his land as for the oil company to offer him something less than he should properly be getting. In my estimation, a better understanding by all sides concerned, of real values in relation to the amount of land the farmer is seeking compensation for, is not to the disadvantage of either industry or landowners.

In its report, the select committee made several recommendations that, in the estimation of some people, did not go quite far enough. I think that in negotiating for land, market value should reflect not only the agricultural value, but the true value of what the rest of the land can be used for after pipelines and well sites are established. There's also the recognition that after some of the wells are depleted, land should be brought back to at least its original productivity from an agricultural point of view.

Due to the fact that the life-span of most wells is 25 years and beyond, it's quite likely that the people involved in the original negotiations will not be present when the reclamation is taking place. There seems to be a need for some type of ongoing monitoring of the situation, so that if we really believe in keeping our agricultural land in this province at its best productive state, the topsoil in that area should be kept in such a manner that it can eventually be replaced and the land reclaimed to the best possible agricultural use after the oil leases expire.

In the heavy oil area of eastern Alberta, I think our biggest concern is what ultimately appears to be drilling, not only on 40-acre subdivisions, but as low as 10-acre plots. Under those circumstances, agriculture becomes a very difficult situation. The style and type of farming, with present-day equipment, that takes place in that area does not lend itself to farming around an oil well every 10 acres. I believe additional studies should be made that will take into consideration the fact that because of the low volume of oil and the fact that the pools are quite large and fairly well defined, a system of directional drilling may eventually be the ultimate solution to getting the most oil out of that area.

Because of its viscosity, it's presently stated that possibly only 10 to 15 per cent can be recovered under conventional methods of production. As time goes on, other ways of recovery will certainly be explored. But as is the case in most areas, the value of the production of oil has to make it a worth-while effort in order to accomplish that. Possibly directional drilling is an answer; maybe it is too expensive for the amount of oil that would be recovered. But certainly a better understanding by all parties of the value of that oil, and the cost of directional drilling, would satisfy a lot of people's minds that an effort has been made on that issue.

I feel the committee did a responsible job of monitoring the total province to get a better understanding of the many issues of concern. In addressing this particular issue, I hope the rest of the members will realize that there's an expectation out there that there will be legislation to follow the discussions we're having today, the findings that this report presents to us. I hope all members will support the efforts made to date, and look forward to legislation in the near future that will accommodate most of the recommendations.

DR. C. ANDERSON: Mr. Speaker, it's indeed a pleasure to rise and speak to Motion 10, presented by the Minister of Agriculture. I'd like to thank the members of the select committee for the job they did in going around and listening to the concerns of our rural community, as well as industry.

I'd also like to thank the committee for meeting in Elk Point and giving the Elk Point surface rights committee a chance to prepare and give their brief, which I found to be very enlightening. Having some farm background, I was unaware that costs associated with a well within the boundaries of a quarter section could increase costs as much as they do.

Mr. Speaker, since the tabling of the select committee's report in November, we in rural Alberta have all kinds of expectations. Those expectations are such that groups are saying we should be having legislation this spring. Even with a meeting of one of the province-wide groups with the members of caucus and government, those same farm organizations stated that this was the most important piece of legislation that could be considered for them, and almost demanded that it be enacted now. I think that was almost a threat at that meeting. So I'd certainly like to see something happen with it, and happen soon. There's a lot of communication and interest. I've been contacted by my radio station in St. Paul on numerous occasions, asking where it is and what's happening. I'll appreciate having the opportunity to tell them when legislation actually comes.

Mr. Speaker, the surface rights problem has been present in the constituency of St. Paul for a long time. I must admit that I didn't know much about it until I arrived in Elk Point in 1971. At that time, they were just starting to have difficulties with surface rights. Then, in 1973, when I was in St. Paul, I got first-hand information on it. I came home one night, and a fellow with his big cowboy hat on was sitting on a chair in my living room, wanting to sign me up for the gas co-op. Of course, that involved a blanket easement that allowed the gas co-op to go and put the lines in and do maintenance as necessary. This same easement has given concerns to residents in the constituency of St. Paul, especially those who are members of the Lakeland gas co-op, which has recently been sold to ICG. They feel that that blanket easement may be a problem for them in the near future.

A number of concerns were also brought to me by the local ADC appeal committee in my area. They've dealt with everything from lack of weed control on easements and roadways, lack of proper reclamation of land, and the disparity of compensation from one farmer to another. If you know somebody, or are a bit informed, you can get a lot more out of your land than if you're somebody who just signs on the line.

On April 21, we had a meeting with the Elk Point surface rights committee and several members of caucus, including the two ministers involved, Public Lands and Agriculture, and also the chairman of the committee. They pointed out a number of interesting things. First of all, let me tell you that in 1971 the surface rights committee in Elk Point was non-existent. Since that time, the membership of the committee has increased to 120 and is presently 1,000 members in the heavy crude area in northeastern Alberta. This committee gives advice and assistance to all farmers in that area, whether they're members or not. The committee indicated that they felt that the force-take concept should be retroactive to January 1, 1980. That was stated by the Member for Spirit River-Fairview. They also felt that land conservation needed to be carried out, and they felt the easiest way to do that would be directional drilling. I understand that's been quite successful in the Bonnyville area, and I think they're going to be pushing for that type of thing to be done there as well.

I'd just like to use a few things from this report to show you the effects of four wells within a quarter section. Some quarters in our area have as many as 16 wells. Normally, when you cultivate land, if you go around and around the strip, there are approximately 211 corners; if you go back and forth and use a headland, you have 114 corners; if you go diagonally, you have about 155 corners. If you then have four wells on that same land, going around and around increases the number of corners to 504; going back and forth and perpendicular, you get 406 corners; back and forth and parallel, 292 corners; and diagonally, 404 corners. So there's way more turning.

The result of that turning causes increased wear on U-joints, hydraulic systems, lifting apparatus, brakes, and power take-off U-joints. It also increases the amount of labor needed. Cornering increases the amount of pulverization of land and compaction, increases the distance to rock piles, and increases transportation, especially when hauling grain. That also interferes with a farmer who does his own work and has to have a truck in the field for combining. It's not as convenient.

Mr. Speaker, I beg that the Assembly consider this motion, put it into effect, and let's get the legislation done this fall. Thank you.

MR. PENGELLY: Mr. Speaker, in order to get out of this corner, I beg leave to adjourn debate.

[The House recessed at 5:30 p.m. and resumed at 8 p.m.]

MR. PENGELLY: Mr. Speaker, I am privileged to join in debate on Motion 10, proposed by the hon. Minister of Agriculture. It is of great interest and importance to my constituents. The recommendations, as proposed by the select committee, will address many concerns of landowners and energy companies.

Mr. Speaker, before expressing those concerns, I wish to thank the chairman and members of the select committee for an excellent report and, in particular, for giving the constituents of Innisfail the opportunity to take part. In a review, it is felt that land taken for industrial use should bring industrial prices. Farmers and landowners should have more say in the location of oil and gas wells on their lands. It is also felt that compensation for location of oil and gas well sites should be raised to a more realistic level.

The Red Deer agricultural development appeal committee states that landowners have not been receiving equal treatment or adequate compensation for their land for energy related uses. They have several recommendations. They suggest that compensation for pipelines and power lines should be established on an annual rental basis similar to oil and gas wells. A damage clause should be included for crops, fences, gates, and livestock not included in the rental agreement. At the end of the use of the land, it should be returned to the owner in a properly reclaimed condition. Since the land is being used for industrial purposes, it is only fair that the rental of the land be based on those values. In my area, a common complaint is the improper repairing of fences. They suggest that the system used by the county of Red Deer could be used as a standard model by all energy companies in the province.

It was felt that landmen should have a thorough understanding of agriculture. They should have a practical knowledge of soils, production practices, agricultural and human values. They also felt that more farmers should be on the Surface Rights Board. It is realized, Mr. Speaker, that with the continuing development of the energy resources of the province, it is imperative that we develop a rational, simplified, and fairer system of negotiating between companies and landowners. Both are important to the future of Alberta.

Alberta Fish & Game, as represented by their environmental director, summed up by requesting that the habitat program and Buck for Wildlife project be continued, and suggested that preservation of arable land is an honorable ideal and that the preservation of natural areas and shorelands is an equally fine ideal.

Mr. Speaker, the Red Raven surface rights protective association also expressed concerns and endorsed the Unifarm recommendations. It was felt that oil and gas wells should be placed on the least productive soils. Above-ground structures should be kept along fence lines and road allowances. They also felt that pipeline rights of way should be limited to one opening and that future openings would have to be renegotiated. Again, it was suggested that industrial prices should be used in lease rentals. It was also suggested that when land is sold, the lease agreements and rentals should transfer with the title to the new owner, and that these rentals should be reviewed every three years. The association also realizes the critical need for our country to be self-sufficient in oil and gas, and further suggests that with amendments to the Surface Rights Act, a more tolerant attitude of the energy industry to the aftermath of exploration and development on agricultural land will result and the goals may be reached together.

Mr. Speaker, new legislation concerning surface rights is necessary and urgent. I urge all members to support the recommendations in the report. Thank you.

MR. HYLAND: Mr. Speaker, as I rise tonight to speak on the surface rights motion, Motion No. 10, moved by

the hon. Minister of Agriculture, looking at the list of speakers who spoke before me, it almost makes one feel like the bachelor who married the pregnant woman with ten children. He said, what more is there to say or do?

AN HON. MEMBER: Down you sit.

MR. HYLAND: There have been many comments made about surface rights in Alberta and in my constituency of Cypress in the last while, especially since the surface rights committee hearings. I'd like to commend the members and the chairman of that committee for the hearings they carried out through Alberta. I think there were good turnouts in most areas, and it gave the people in Alberta who work with surface rights all the time, the farmers and industry, a chance to explain their concerns to the committee so their feelings could be heard throughout Alberta.

We've heard many examples — and I'm sure all of us as MLAs hear many examples of what people think their land that is used for oil and gas exploration sites should be worth. One group in the Seven Persons area has developed a formula where the rental rate on irrigation lands should be \$2,684 per acre on each well site, and on dry land, \$1,954 per acre. They have a formula for arriving at these costs. They feel those are reasonable values for their area for rental rates.

Mr. Speaker, some of the previous speakers spoke about well sites being in the northeast corner or one of the other corners of the quarter, and that directional drilling should be used as a method of obtaining the desired location on a gas or oil formation. This is very important to irrigation. With the changing of irrigation systems, more and more people are going to centre pivot irrigation, and any obstruction in the centre of a field prevents that type of irrigation. I think we need to look at more directional drilling. With well sites in the corner, it cuts down on actual land needed, because there's no need for access roads into the centre of the quarter. It would also help in areas where there is a lot of flood irrigation. Some areas in southern Alberta, where there still isn't sprinkler or centre pivot irrigation, do a lot of flood irrigation. Once that land is disturbed, it takes a long time for it to settle down again and be levelled out. There are also some concerns about land that is disturbed for flood irrigation and the compensation, and the amount of time allotted to bring that land back into order so it can be properly used again.

Mr. Speaker, as MLAs we all hear about problems with certain resource companies. As an example, I met with a group of people in the Seven Persons area who have a lot of problems with one particular company. They don't seem to have very many problems, if any, with the rest of the companies. I guess that's just something that occurs in the management of the company or in the co-operation with the farmer. But it appears odd when the majority of companies gets along with the landowners and one of the smaller companies in the area seems to have a particular problem. I guess that's what the whole surface rights debate is about. It seems if a problem occurs with a company and a landowner from the start, that problem generally doesn't improve. It seems to continue throughout the life of the well. If anything, it gets worse instead of better in most cases.

Mr. Speaker, the select committee report refers to the Surface Rights Board. Just a few comments on that board. In some areas in Alberta I think the Surface Rights Board has to really assess how it arrives at its

findings on some of the cases, because there is a feeling from the people that the board is totally for the oil industry. When you talk to the oil industry, they say that in the majority [of cases] it's for the landowner. Nevertheless, the landowner feels that the findings are in favor of the oil companies. I think the Surface Rights Board has to do some soul-searching to see where they are going wrong; maybe even talk to some of the people in the rural part of Alberta and get their feelings so they can improve their opinion.

Some constituents I've talked to who have read this report have said that they very much like the idea of the Surface Rights Board being composed of one local person who would be subject to appointment for an additional three-year term. The suggestion is that it should then be rotated to somebody else. The majority of people who have looked at the report think that is a very good recommendation. They also like the suggestion that all evidence heard before the committee be taken under oath. Maybe a lot of these accusations that seem to flow, where one group thinks the other group is not telling the truth ... If it's under oath, as I believe the Member for Calgary McKnight said this afternoon, maybe the committee hearings would be shorter. With strictly the truth being told, there'd be a lot less to say in these hearings and they could come to their results a lot sooner.

From the people I've talked to, there are mixed feelings with regard to the recommendation dealing with payment for rights of way. They agree that maybe it would be nice to have a force-take, and you would know what you were going to get for that entry. You would preferably be delivered a cheque for 85 per cent of that forced-entry cost at the same time you received your right-of-entry order. Even accepting this, there was still a concern about the ability one would lose through the power of negotiation. I can think of an example in my constituency where one farmer received a certain amount for a well site and an access road. His neighbor three or four miles away knew what he had received and for some reason signed for just a little more than half the amount. Mr. Speaker, even with the library and all the agreements filed with people that farmers can look at, there is no way you can stop that. I don't know what that farmer will do, but he has signed now. In his wisdom, he decided that he didn't have to have the same amount as the previous farmer. Those kinds of things are going to happen. Those are just human kinds of things that we as legislators can't do anything about.

Payment for the right of way was another subject that came up for discussion with some people during my talks about this report. By that I mean that in many areas a lot of the problems that occur, even after the agreements for the rights of way and the well sites — the agreements are voluntary. The problem occurs when a rig moves in and the well site isn't big enough, or it gets a little muddy or whatever, and they start indiscriminately driving off the right of way they have. It causes a lot of ill feeling between the company and the farmer. In many cases it takes a long time before it's settled. I know of one case where they have been arguing about right of way damages for over two years.

One group of farmers suggested that with a signed agreement should be the notification that if the companies go out of the right of way, they will be assessed automatically, at each side of the right of way they go off, the cost incurred for one acre of that well site. This would be a straight, automatic cost the minute they move off the right of way. With a high cost like that, the resource

company would be a little more careful about staying within the right of way and keeping all their damage inside that right of way they've paid for. If they exceeded it, they would know automatically what their cost would be. Along with that, if they knew they had to go off that right of way, they could also approach the farmer and renegotiate that. The people were concerned that if they exceed it, they should know automatically what their cost for going over that right of way will be.

Another topic talked about was the collection of payment for damages. They agree with the item in the report where they suggest that the amount should be increased and the time limit for these damages should be extended somewhat. Often the site has not been put back into its proper form before the time limit has run out. There was a concern that if the site was not improved by the end of that time limit, the landowner was put at a distinct disadvantage by the time limit running out, and he was not able to approach the company because at that stage the site was still not repaired properly. He couldn't approach them because he didn't really know what kind of shape it was going to be in.

The compensation suggested by some of the groups I met with was that the five-year renewal should be rethought. They suggested that because of changing times and prices of things, a three-year renewal might be more realistic. An alternative was that if it was a five-year renewal, an inflation clause could be put in in order to more realistically arrive at what's happening in the economy. There was a suggestion that a dry hole — instead of a payout, it should be 100 per cent of the agreed-upon rental the first year, 80 per cent the second year, and 60 per cent the third year. Because even after a dry hole, it would take at least three years to get that land back into some sort of reasonable order. They thought it would only be fair that there be a three-year payout on that instead of one lump-sum payout, because you still have the problem existing for a few years.

Under reclamation, it was suggested that where the companies have not reclaimed the site and weeds start growing, they be forced — whether it's by our legislation or by the ability of the county through by-laws — to use chemical control on the sites while the weeds are small so that we don't have the company coming back all of a sudden when the weeds are two or three feet high, burying all of them, and the farmer having a problem with them for years to come after that.

Mr. Speaker, this report also brought up discussion relating to seismic. One of the recommendations was that with seismic having the ability to give 60 hours' notice for right of entry on land, they should have approached the owner or the lessee of the property — in this case it would be a lessee — and have had a signed refusal or agreement from him. Especially in the case of right of entry it would be a refusal, that he had refused to accept the offer. The reason for this would be that he would have to make an attempt to contact the lessee and put a proposal before him, because sometimes the accusation comes out: they never contacted me; I never saw anything; I never received an offer. It would create more meaningful negotiations if this was the case, because they would have to sit with each other face-to-face and make an offer and a refusal instead of not having anything signed. Again we get the accusation that many speakers have talked about today, and we don't know for sure who is right and who is wrong. But with a signed refusal, we would know that it had been refused by the owner and that the landman had indeed done his job and made the

appropriate offer to the people.

In addition, Mr. Speaker, it was suggested that the regulations that control seismic testing be re-examined and the distance they test from water wells be no closer than 1,200 feet; also, that all buildings with concrete floors be included in this distance, because we are getting accusations now that seismic is testing too close to buildings with concrete floors and causing cracking in the floors.

We heard the Member for Calgary McKnight talk about land agents this afternoon. I think nothing creates more undesirable negotiations between a farmer and a land agent, or between a farmer and the resource companies, than the land agent and the farmer getting off on the wrong foot. The relations never seem to get any better. I must commend the land agents and their association for attempting to improve the landmen out there, the efforts they have started in that area. I sincerely hope the hon. member's prediction will be right, that the majority of the problems that existed in years past will be removed, and the land agents will remain an integral part of the system and their relations with the landowner will improve.

We've heard many members talk about the hearings held throughout the province in the many locations the select legislative committee was in. If I'm correct, I believe my constituency and the constituency of the Member for Medicine Hat hold the record of having the highest attendance at a public hearing. Some 200-plus people turned out in Medicine Hat to give their feelings to the committee. I remember that after supper, the committee and I went downstairs to a meeting room that holds about 40 people. This was at least half an hour before the hearing was to start. The room was then overflowing, and we had to get another meeting room at the hotel that was approximately four or five times bigger than the one we were meeting in. In addition, the next day 60 to 70 people in Bow Island showed the interest people have in surface rights and how they affect them.

Mr. Speaker, whether it's been intentional or accidental, we have created in rural Alberta an expectation that must be fulfilled, and we must fulfil it quickly. I think we have to be in a position to pass some regulations and Bills by fall. We heard some members say that we are too late now; it should be in the spring. I don't know what the workload of the Surface Rights Board has been, and how it has increased. Certain people feel that it has increased rapidly, and we must act very quickly to try to alleviate some of that load and live up to at least some of the expectations out in rural Alberta.

Mr. Speaker, this piece of legislation will affect all people in Alberta, especially those in rural Alberta. It will affect us more deeply than most of the legislation we have passed in this spring session of the Legislature. When we get to the position where we pass the legislation related to this report, I look forward to supporting it. I well remember the Bill I brought forward in 1980 — I can't remember the number; I think it was 34 — just before the committee was created. I remember the proposed changes to the Surface Rights Act, and the very substantial amount of mail and calls I received. In discussing the problem with the minister, and he with the Government House Leader, the suggestion was to let the Bill die on the Order Paper and create a committee to look at this legislation, because it had been a number of years since any major changes had occurred.

I think that was a good decision, and we have had a good airing of the surface rights feelings throughout Alberta. Now, Mr. Speaker, it is up to us in this Legisla-

ture to support the motion of the Minister of Agriculture and then come back in the very near future with legislation that will carry out many of the recommendations in the report.

Thank you.

MR. CAMPBELL: Mr. Speaker, it's a pleasure this evening to rise and speak on Motion 10. I had the privilege of sitting in on the surface rights committee's meeting in Rocky Mountain House, and I'd like to commend the committee for their work. It's certainly very timely.

In the Rocky Mountain House constituency I represent, many varied things are going on: oil wells, pipelines, electrical transmission lines, as well as gas plants. With the farming community and agriculture being held in very high regard in this particular constituency, many problems seem to arise. About 22 interested people attended this particular meeting, and some of the problems that surfaced went primarily along the agricultural line. In the livestock area, such as we have in the Rocky Mountain House constituency, the criteria for making an award may not be wide enough. An example is the opening of an area by a roadway into a pasture, which may be the single most detrimental effect as far as an oil well lease is concerned. A lot of farmers feel they should be compensated because of that roadway. Of course they have the added task of surveillance as far as their livestock is concerned.

The assumption that the right of entry, when applied for on a given parcel of land, will be carried out in full is on the part of the Surface Rights Board, and fences, et cetera, should be constructed when they are spelled out in the right-of-entry order. Sometimes the awards are made on the presumption that companies will carry out the conditions on the right-of-entry order. This seems to create a lot of problems. Of course as we all know, surface rights boards do not put conditions in the right-of-entry orders. They also brought up the fact that there should be a time limit for the payout of awards made under and set by the Act.

One farmer had several wells on his farmstead. He was having some difficulty as far as reclamation was concerned. All these problems seem to gather and build until finally you have a resentment, as an earlier speaker mentioned, to two very important industries of our province. There was also some representation as far as the rights and transfer of rentals on lands. In most cases, these people felt the rentals should be transferred with the property. Also when a pipeline is constructed, if there is any liability the farmer has to stand for this loss. When you have a line that's been in for some 10 years and the farmer has farmed over it, and it is farmed year after year and then exchanged to a different farmer, sometimes this particular pipeline is forgotten.

So there was a feeling from the farming community in that area that landowners should be exempted from liability for damages to a line. In one case, we had a problem with surveyors' steel stakes in the middle of a field. As we understand it, they're supposed to be down in the ground 18 to 24 inches. But due to frost and various other problems, usually they are not down that far. You have difficulties when the farmer goes out to cut his hay crop. Of course it's evident what happens next as far as his hay binder or whatever method he's using to cut his crop is concerned. So these are some of the problems.

I think this motion is very timely, and I urge the committee members to support it. Thank you very much.

MR. TOPOLNISKY: Mr. Speaker, I'm pleased to participate in the surface rights debate. At the hearings of the select committee on surface rights in the town of Redwater, three written briefs were presented. I commend those who made the presentations.

I wish to highlight some of the views and concerns expressed. This could represent an average cross section of a situation which exists in the farming community in regard to surface rights in northern Alberta. Before a landowner signs a surface lease agreement, he should at least have the opportunity to check out the following points: one, visually inspect the actual survey stakes on the land for actual location of lease; secondly, determine land values in area [of] surface entry; thirdly, determine costs of production, increased farming costs which may occur as a result of the surface entry; fourthly, apprise himself of his rights to enable him to negotiate properly with the landman; and fifthly, secure an outside opinion or advice from a lawyer and have the proposed surface lease appraised for content of desired clauses. To accomplish the above minimum steps will most certainly require much more time than they now have. Often this occurs at a very busy farming time. A farmer's expected to simply drop everything, stop working, and devote the time totally to negotiate a surface rights lease. The time restriction is unfair to the landowner and should be amended to give him 10 free days to consider a surface lease. One brief recommended 14 days. A reasonable attempt should be made to notify the landowner by registered letter — seven clear days — of the intent to survey. At least this will give some indication of why strangers are appearing on his land, trampling crops, and slashing trees for the survey.

It appears that present surface rights legislation is after the fact to the extent that, firstly, surveyors make a practice of entering lands without any notification to landowners; secondly, the Surface Rights Board has the power to grant entry to an exploration company without the landowner's consent; thirdly, compensation is usually determined after surface rights work is completed; fourthly, damages have already been done and entry granted that cannot be changed after the fact; and fifthly, there are no provisions or terms of reference to determine compensation for crop losses, pastures, shelterbelts, general disturbances, or severance and inconveniences. A yearly compensation clause should be inserted to cover inflation and other increased costs.

A standard surface lease agreement, which many forms used now do not have, should be used to cover many important considerations. Some of the more important additions should be: one, a complete breakdown of compensation, not just a lump-sum payment; and secondly, a topsoil provision, which outlines how topsoil is to be treated on a lease site. Wells and battery sites, with accompanying roads not in use, should not be allowed to remain indefinitely as a hindrance to agriculture, because oil companies find it cheaper to pay the low lease prices than to pay the cost of removal.

When it comes to pasture, companies cut down payment because it is not cultivated land. But this pasture is as important to the farmer's livelihood, because many of them depend on cattle for an income, with crop raising secondary. On the old leases, often upon expiry of the first 25-year term, a voluntary new surface lease is offered by the oil company with a very small rental increase. If this new offer is not accepted, the yearly payment would revert to the original 25-year payment. A large number of landowners in the Redwater area were forced to accept these low, voluntary increases much to their disappoint-

ment, because of such communication as:

If the agreement is not signed and returned within one month, then this offer is subject to withdrawal without further notice.

Some oil companies have not adequately performed all the necessary maintenance and clean-up services. Leased areas are saturated with weeds and oil spills, and general land damages are not all properly settled. If the inconvenience values, the assessment values, are to reflect inflated prices in relation to the costs since 1950, the present values for surface leases should increase four or five times the present dollar value.

Another point raised at the hearings was that there are not enough members on the Surface Rights Board. It takes far too long to arrive at a decision. There's a need for more farmers on the board to present the farmers' point of view. I want to see the landowner receive the highest surface lease benefits possible at today's market value, having regard to inflation, productivity allowance, assessment, severance, inconvenience, as well as full compensation for damage and destruction of property. I hope farmers will soon receive increased benefits as a result of the select committee's surface rights hearings and the recommendations in the report.

I commend the chairman and the members of the committee on the valuable report as a result of these hearings. I also commend the Farmers' Advocate of Alberta for his concern on surface rights and the valuable work he is doing in the interests of the farmers.

Mr. Speaker, I support Government Motion No. 10 and the recommendations by the select committee on surface rights to give greater protection to the landowners to benefit farmers.

Thank you.

MR. STROMBERG: Good evening, Mr. Speaker. I'd like to start out by mentioning that about three or four years ago my wife and I went considerably into debt, went into hock to the bank, and bought a half section of land. After the bank got through with me, I thought I'd better see what I had bought, and I looked at the title. In small print it mentioned I had the freedom to do whatever I wanted on that quarter. It was nobody else's business what I did on that quarter. That was kind of impressive, but it didn't impress the bank manager much.

In checking further, I found that this goes back to a one-time Albertan, Mr. Clifford Sifton, who was the federal minister of immigration in Canada, and that great homestead Act he brought in that made the settling of the west a reality, attracting thousands upon thousands of people from all over the world, especially from Europe, with the promise of a quarter of land for \$10 and all the freedoms in the world. Of course in those countries they came from, wars were fought over their land. But imagine that enjoyment of one's own property.

But times change, Mr. Speaker, and we have to realize the individual's right versus the common good. I certainly think of the demands on private land now by cities, towns, villages, and provincial governments for lagoons, rights of way, highways, et cetera. I can give a perfect example. Right now we have a fair argument going back and forth in Camrose county and the city of Camrose with regard to a waste disposal site — not hazardous waste. We have to get rid of our garbage. The health unit told the city of Camrose that they have only about two more weeks and they're going to shut down the garbage dump. To the Minister of the Environment, we all realize that we have to get rid of our garbage, as long as it isn't

across from my farm. That's the whole problem. We can't find land. I've suggested they go north of Lacombe. I know a beautiful half section the Minister of the Environment owns. Nevertheless that's just an example.

Another good example of the demands on our private land now — and I hope the committee addressed this in their deliberations — is the demand for rights of way by both counties and Alberta Transportation. Each weekend when I drive home to Camrose, I travel on Highway 14 and see a four-lane highway that cut diagonally across quarters and ruined some of the best farmland in this province. They've got an overpass there; they could have done right-hand corners. But no, they had to save perhaps half a mile and take off to Edmonton the way the crow flies. That was a rather sore point with people out there, and I sure as heck don't blame them.

We have counties now that are having a difficult time dealing with a 62-foot right of way; the Queen's right of way, reserved in Her Majesty's name at 62 feet. They have to build the roads at a width of 110 feet in order to get enough clay, or for snow removal. Today when you put in a road that will stand, say, 75,000 to 100,000 pounds, you really have no ditch and no place to put snow removal. I suspect that more agricultural land is going out of production to widening of road lines, both within the county system, the municipal system, and our Department of Transportation, than there ever is in the expansion of our dozen major cities in Alberta.

There was a day, basically before we became a province, when the railroads had the right to go anywhere, and they sure as heck went anywhere. They didn't follow fence lines or roadways; they went wherever their elevation was. What a mess that's left throughout Alberta: farming with a railroad on each side of your land. Mr. Speaker, they even had the right to go through a cemetery. Now that's pretty strong legislation. Thank goodness we're not building railroads now, but we've got pipelines and so many non-uses for agricultural land. It's on and on and on.

One problem I'd like to bring up, which has been a problem and is going to be a problem, is how we start moving the amount of power or electricity we have in the province, especially if we go into the agreement with Manitoba on an interprovincial grid line. There's been quite a commotion in the Lethbridge area over a high powered voltage line that I believe runs from Calgary to Lethbridge. The local farmers went out and even dynamited one of the towers one night. That's getting pretty darned serious; taking the law in their own hands. I don't know if I can blame them either. I'd hate to have the god awful scenery of those skeletons marching across horizons right in your backyard. That's the best way I can describe it, Mr. Speaker. And try to use an airplane to spray your crops with a power line across your land. It's completely out.

Mr. Speaker, I wrote some letters to the ERCB, and I've got the Langdon-Phillipps Pass study. I have the hearings held in regard to the application of the Keephills-Ellerslie switching station. I think I can sum it up by a letter written to TransAlta Utilities Corporation by one of my constituents:

In a letter received from Gordon Stromberg, M.L.A. for the Camrose Constituency on February 18, 1982, Mr. Stromberg informed us that the results of testing in Russia, have shown that large transmission lines could possibly leak, causing severe health effects; no tests of this nature have been performed in Canada.

When we purchased our acreage in the fall of

1974, it was with full intention to enjoy the peace and quiet, scenery, wild life and just sheer contentment of country living with our family — now and during our retirement.

We greatly oppose the erection of a 240 Kv power line or any other line on our property, it would:

1. Devalue our property considerably,
And that's accurate.
2. Create a very unattractive view, which we will be exposed to every waking hour of the day and
3. Create a continual "humming" sound, which could have certain detrimental effects on a person's well being.

With this power line taking eighty feet ... of property easement, we will lose .27 acres of our 4.5 acre lot ...

That's not a very big farm.

... an obvious large amount.

I ask you, why would you choose a power line row which will affect so many small acreages? Does it not make sense to select a farm land route?

Can you guarantee:

1. No deterioration in T.V. and radio quality?
2. Zero noise pollution?
3. No devaluation of our property?
4. No physical illness?

It goes on a little farther. I realize the committee had representations made to them in regard to high power transmission lines or grid lines, and I certainly hope you address it. My constituents in the north end of my constituency, just a couple of miles from Mill Woods, are acreage owners. Their property is devalued considerably if that thing goes down their front lawns.

I would like to commend the committee for holding a hearing in my constituency in Killam. At that time, I made a presentation in regard to the guarantee of reclamation on future or proposed coal mines.

Thank you, Mr. Speaker.

MR. FJORDBOTTEN: It's a privilege for me to enter the debate tonight, because this is an issue that everyone in my constituency feels very strongly about. I commend Ken Kowalski and members of his committee for a job well done, because no one who has ever talked to me about surface rights was more pleased than they were with the report that came out. It redressed the rights in favor of the landowner in such a way that — it's something they've been seeking for a long time.

My constituents were also pleased to have the opportunity to make a presentation to the committee. They did that both at Fort Macleod and at Nanton. The Willow Creek surface rights association, which had been working long and hard to try to address some of the issues out there, presented briefs to you, and the way the report came out, they were listened to. I think that's really important.

I've said many times in this House how important our land is and how strongly we all feel about it. We all feel strongly about it because — you know, everyone emigrated here, and they came here because of freedoms and an opportunity to own land. That strong feeling grew as they had to fight against droughts, depressions, and all those things in order to hold on to that land. I think every one of us who has any background whatsoever in agriculture knows what it's like to be into the bank right up to here, and also a mortgage payment that's due. You see a hail cloud coming up and there's not a thing you

can do about it. That helpless feeling makes that land even more dear to you. However, if someone's going to come in and take away your land, whether it be an oil well, a highway, or some other public good, it's a fight, because normally, as the Member for Redwater-Andrew said, the surveyors come in without having permission to do so. The landmen who drive into your yard are basically professional people. They're doing a job, and they've done a good job. But the farmer — when they came in, I didn't know what was happening or anything. I was busy doing my own thing, and all of a sudden they drove in and wanted a piece of land for whatever they wanted to do. I don't know what it's worth, I don't have any idea what the going price is, and I don't know who to call. I think in this report, when the legislation is enacted, that concern will be alleviated. That's really important to everyone all over Alberta.

Some of the concern that came out on surface rights was that Ed Nelson from Stavely called the area west of Claresholm "pipeline alley". I don't know if it has more or less pipelines than anywhere else. However, pipelines going through and disturbing the soil was a concern he had with that area. Also in irrigation country, where you put an oil well in the middle of a quarter section where there's a pivot, or you go out and put in power lines across a piece of land where you've gone to considerable expense to put in an irrigation system, all of a sudden you clearly can't irrigate like you could in the past. That was a concern raised by many.

Also when you put towers across, you not only have to worry about irrigation but you have to worry about farming. Last year I talked in this Assembly about what it was like to try to farm around towers with big machinery. You have to come around, and you overwork areas around the towers. In addition to that, you overspray when you make those turns. So there's considerable hardship when anyone puts towers in the middle of land. I think it's important to look at those issues, and this report looks at them.

I called two of my people who had been very active in surface rights to ask them, what do you feel are the two major issues? They said, number one is to get this report into legislation. I said, well, democracy has its drawbacks, because we all have to debate things and make sure we do the right thing. As Mark Twain once said, democracy is a wonderful thing. It's like a raft. It doesn't sink, but your feet are always wet. Now when we're debating this report and we have to wait until fall to have legislation, I suppose our feet are a little bit wet. However, it's the proper way to go, to have all the opportunity in the world for Albertans to have input into whatever type of legislation we're going to have.

They said the next issue was the annual payment for easements. They understood the problems in that area. They understood the problems with the utility companies and the oil and gas companies in having an annual payment for easements, but they thought it's something they would place as number one. The second thing they thought was important — and the select report addressed it — was the compensation for forced takings. That's one that I think is vital. I hope both of them are addressed soon. I'm pleased that we had all day, all afternoon and evening, to debate this motion and get a number of points on the record. I'm looking forward with considerable interest to forthcoming legislation. I commend the Member for Barrhead and the committee for the report, and I look forward to that legislation.

Thank you.

MRS. OSTERMAN: Mr. Speaker, it's a pleasure for me to make a couple of comments about this motion. I'm sure that in this afternoon's debate my colleagues have covered the waterfront. There's probably very little left for me to add. But I want to take the opportunity to make a couple of comments and possibly deliver a couple of bouquets to a number of people who have been fairly instrumental in terms of support in the whole surface rights area.

One is the Farmers' Advocate. A great deal of interest in surface rights has been shown throughout the province. I think it's been done in a very positive fashion. To some degree, that's because the Farmers' Advocate has been going out across the province, addressing groups, and really, if you will, embellishing the interest of those people who, until really confronted with the situation, may not have participated in the whole debate. There are various groups forming around the province now that are really doing a tremendous job in bringing information to the committee and to those of us now in the Legislature since the committee has been disbanded.

Mr. Speaker, in 1979 I raised the subject of surface rights in my maiden speech when I was a freshman and fresh lady M.L.A. [interjection] A fresh person? I think freshman will do. I was very concerned then and had been from 1966. I would like to say to my colleagues in the Legislature that I'm really pleased with the kind of support and interest they have all shown. I know that most of it is not due to the fact that the M.L.A. for Three Hills raised it, but they've all certainly been lobbied by their constituents and have brought forward ideas to the Legislature.

I'm looking forward to the legislation that will come forward. Certainly there's going to be ongoing debate. We mustn't let the public lose sight of that very important debate when it comes to this Legislature, because that in fact will be key. We can talk about things in philosophical terms at this time and address some of the principles involved in the report the committee has done, but when we come to putting it into legislation in the practical form, it will affect each and every one of us operating in rural Alberta. That's really when the meat is going to be put on the bone. So we'll look forward to that time, and we'll look forward to continued participation by our constituents through all the M.L.A.s in the Legislature.

MR. MANDEVILLE: Mr. Speaker, I would also like to make a few comments. I'm certainly going to support the motion. I think it was an excellent method and concept to get input from all Albertans before bringing in legislation as important as surface rights legislation. I'll certainly be looking forward to seeing the legislation come in. I want to commend the chairman and the committee. As I say, I think they did an excellent job of getting input from all Albertans.

I attended the meeting they held in Brooks. A number of recommendations that I thought were good were presented at the hearing. I see them now in the report. I can recall — I think it was in '72 or '73 — when the then Member for Drayton Valley brought in a resolution. I certainly think that resolution improved the relationship between the oil companies and the farmers in many areas.

I can recall dealing with many of the problems myself. Some of the little oil companies had contracts that weren't very satisfactory in the long term as far as the farmers were concerned. I was certainly pleased with many of the oil companies that improved their contracts and remuneration to a lot of the farmers after we dis-

cussed it in the Legislature at that time. I'm sure that was appreciated by the farmers and by the oil companies. At this point, some of the small companies still haven't brought their remuneration to farmers up to the level they would like it to be.

In my constituency, we have the EID land users association. It was one of the first associations set up in the province. The reason they set it up was that we have a lot of irrigation there and have to deal with many more problems as far as surface rights are concerned. They have certainly done a terrific job as far as getting a far more compatible relationship between the oil people and the farmers. They were responsible to a degree for getting a lot of our sites in the northeast corner of quarter sections, which certainly helped as far as irrigation is concerned.

Also they have done a lot of work as far as pipelines are concerned. I certainly appreciate the recommendations of the committee as far as pipelines are concerned, because I think they've caused many problems, especially in irrigation districts where you're border-diking and this type of thing. It certainly causes problems.

One of the areas where many of the locals M.L.A.s have had problems — I know I have myself — is with landmen being able to work out reasonable deals with farmers with easements and fencing sites. I've had many complaints as far as landmen are concerned. But I'm sure this is improving as time goes on.

With those few remarks, Mr. Speaker, I just want to say that I'm looking forward to the legislation that comes in. I don't want to rehash. I know we've been debating it pretty well all day, and most of the points are covered. I think most of the recommendations are in the committee's report that was tabled in the Legislature. It's certainly going to help improve the relationship between the oil industry and the farmers in this province.

[Applause]

MR. McCRAE: By gosh, that's a lot of enthusiasm, Mr. Speaker. I want to offer a few comments on this very good report. I was going to say it was a pleasure to offer the comments and to rise and speak. I'm not sure it will be, because listening to the speakers this afternoon, with a very heavy rural concentration, it sounded like a subscription list for *Country Guide* magazine.

I'm not sure an urban member should be in this debate at all, but probably he should be. I don't pose as an expert at all, but I did have a fair amount of experience in the area before I came into this business on a full-time basis. As a result of that, I want to offer some viewpoints and comments.

First of all, some accolades would be in order. The first accolade would be to the government for recognizing the importance at this very critical time in the history of the industry of establishing a committee to deal with the frustrations or the sometimes exacerbating relationships between the agricultural community and the oil industry. I think the recognition of the importance of the oil industry by this government was demonstrated some two weeks back by the Premier's announcement of the oil activity program to try to get the industry back into the full measure of activity it had been in before the national energy program, recognizing how important the oil industry is to all Alberta and probably the agricultural community in particular.

Friends of mine in the oil industry have described the energy industry as the locomotive that fuels or pulls the

Alberta economy. That isn't a bad description of the industry. Recognize also that agriculture is either number one or number two. I don't think we should debate which is the biggest employer, which makes the greatest contribution to our gross provincial product. The key thing is that both are fundamental to the economic well-being of this province. Therefore a good, harmonious relationship between both industries is critically important to Albertans. I see the chairman of the committee shaking his head affirmatively. I'm not sure whether he isn't going to read something into those early remarks of mine that I cautioned he might not read into them. I say that not because of any pending disagreement with him, but simply to keep his attention over the next several minutes.

Mr. Speaker, I think the next accolade should go to the chairman of that committee and all the members who did such a tremendous job of touring this province and elsewhere to get people input, both from the industry and from individuals, landowners and friends of landowners, to try to understand the difficult relationship that develops when you give a mineral owner a dominant position over a land surface owner. Surely the thing we're all aware of, and what is most apparent to everyone, is the surface ownership. When because of Crown ownership of the minerals or a split in title between the mineral and the land ownership, you tell someone else that he can come in and be the dominant owner, or he can walk in and take a dominant position on the surface ownership, that's an area that is fraught with potential difficulties. An awareness of that fact by the committee members was tremendously important.

A third accolade, Mr. Speaker, would be to the Minister of Agriculture for urging the government to proceed with this committee, and in introducing the resolution today so we could discuss and debate it.

A fourth accolade, Mr. Speaker, would be to a gentleman I see sitting in the gallery, the Farmers' Advocate, with whom I used to cross swords occasionally many years back. Before I came here, when this government first established the office of the Farmers' Advocate, I had some concerns about that office. While I was still on the outside and had occasion to be, let's say, on the other side of a debate with that office, I was occasionally concerned about the direction I thought that office was going in. I came to know the good gentleman a good deal better since being here, and have come to appreciate that he's made a very, very significant contribution to reducing the frustrations and agonies between the industry and agricultural owners. Just before passing on from that, just immediately before seeking nomination in Calgary Foot-hills — I think at that time the company I was representing and the Farmers' Advocate were crossing swords — one of the things that encouraged me to seek the nomination was the thought that this gang up here needed some help and I might be it. I'm not sure that having arrived here, anybody would concur in that assessment.

AN HON. MEMBER: Oh, yes.

MR. McCRAE: Thanks very much for that assessment. But to reach a conclusion on the accolade to the Farmers' Advocate, we solved that one very satisfactorily, both in the interests of the company and the landowner.

Mr. Speaker, going through the committee report, I am impressed by the number of very good and positive recommendations. I'd just like to touch on a few of them. I'd also like to touch on the contributions of a couple of other members. As I recall, the Member for Drayton

Valley and the Member for Drumheller talked about the balancing act they did between the variety of presentations given to them. I was totally impressed by the fact that they didn't bow to everything the agricultural community asked for, that they had digested and compared one input to another. That would therefore encourage me, as one who worked in the industry, to be very cautious indeed of just taking the industry point of view as it may have been expressed in some of the presentations to the committee or in subsequent presentations to members. In my comments, I will try to be as well balanced as I think the committee was in their report.

[Mr. Appleby in the Chair]

Just to comment on one of the statements of the Member for Macleod — and I was totally impressed by his presentation. It really had me churned up inside when I saw a picture of him as the innocent landowner or other agricultural landowners, mere babes in the woods, when this professional landman came along and took advantage of them. After listening to the debate and having spent seven or more years up here with my agricultural colleagues, I really don't share the concern that some have expressed here about the innocent landowner being duped by the marauding land agent. Just to point out that I don't think the committee felt the same way either, I look at page 12 of the report, Section 2, entitled "Procedures of the Board". It's the second last recommendation:

The committee recommends that ... the Board [the Surface Rights Board] recognize the landowner-farmer-rancher as an agricultural expert ...

I agree with that, Mr. Speaker and members, and suspect that when the poor, innocent land agent gets into the farmyard of the agricultural expert, we needn't have too many worries about who will take advantage of whom. I think they're on about an even level in most cases. There'll be a whole lot of sparring and negotiating, and it'll be fairly done. On the other hand, that is not to say that we shouldn't do things that will make sure that all landowners have an equal opportunity of being represented.

Mr. Speaker, it's been a very interesting evening here tonight. I've seen a lot numbers, fingers going up, and what have you. I'm sure the numbers are trying to give us a picture of an important event that may have happened in a province next door to us. The only thing that concerns me — there was a motion from one of my agricultural friends opposite, and I had difficulty reading that into the Saskatchewan election. Perhaps that is a way of counting; I don't know. Perhaps it was some assessment of something I said recently.

In any event, Mr. Speaker, I want to come to a couple of areas of this very, very fine and, in most cases, balanced report. My understanding of the process now is that after we conclude the debate here, there will be further input from agricultural people from different sectors of the Alberta community, including perhaps some people from the university, the energy industries, the pipeline companies, and the transmission companies. All of that will be digested and rethought during the summer and, hopefully, we will see some legislation next fall. I hope that over the coming months there will be a full consideration of all the various points of view.

Mr. Speaker, I want to comment on the recommendation that pre-1972 surface agreements be subject to future arbitration by the Surface Rights Board. At one time I

would have probably opposed that and felt very strongly about it. At this juncture I would simply say that I am disappointed the industry has not universally agreed to a renegotiation or review of the surface rights agreements that go back many, many years. I understand that about 95 or 98 per cent of the industry has reviewed its agreements and probably reached a fairly satisfactory updating with the surface rights owner. With the very minor group that is not yet mindful of the equity that should be done — if you're looking at an agreement that was taken back in 1939 in some cases, 1940, or the 1950s, with a fixed rental based on land values or land income at that time and no effort by the present landowner to upgrade that, I think that some way or another something should be done to create equity.

Let's look at an average lease. The land lease was for a term certain, let's say, of 10 years and then as long afterwards as you might have production. The production might be for 10 or 50 years. If that landowner, because of a threat of expropriation had he not agreed to the surface rights agreement, is locked into that rental with no hope or expectation of review for the next 10, 20, or 30 years, I think something needs to be done. I'm disappointed that the governing bodies of energy agencies such as the Canadian Petroleum Association, IPAC, or other organizations were not able to persuade all their members to upgrade their rentals. If a compulsory review is totally necessary, then I think I could be [convinced], with some reservations, to support that kind of legislation. I say with some reservations, because it does have a retroactive nature that I'm sure is a bit bothersome to all members here. The regrettable thing is that all companies in the exploration or production area have not agreed to the upgrading.

Mr. Speaker, I have a constituent who has a problem in that area. His land is in the northeast section of Calgary. It is land that is sterilized for development. It's probably worth \$100,000 an acre, but has either two or three sour gas wells on the property. According to what he's told me, he gets something like \$75 per acre. It is a very small well site, perhaps one and a half to two acres. So he's getting about \$200 or \$225 a well site. The effective use of the total property as development or housing land has been taken from him for the next 30 or 40 years until all the sour gas there has been produced. He came to me, and is one reason I supported the creation of this committee very strongly. I see his name here as one who made a submission. Quite frankly, I don't know what the equity there is. I don't know how the Surface Rights Board or this Legislature could determine what he should get in the way of compensation for two or three two-acre well sites, when the whole quarter or the whole section has been taken away from him. The land is worth, say, \$100,000 or \$150,000 an acre. Let's say the total property is worth \$8 million. If he gets 10 per cent a year on that, he's at \$800,000. If he's getting 20 per cent, he's getting a good deal more than that. I won't try to review those numbers, Mr. Speaker. I'd simply say that there is no way he could get an economical rent from the energy company for these wells. I don't know what the solution is, whether we just shut those down and never produce them or whether he or someone else bears the burden. But there is just no way that property could be expected to pay what would be determined economical rent for that land. Obviously \$75 an acre is far from sufficient.

Let me carry on to a couple of areas. I was pleased to see the recommendations about a code of conduct for land agents. My understanding was that the Canadian

Association of Petroleum Landmen had endorsed that enthusiastically. I was surprised to hear this afternoon — I believe the Member for McKnight said this; I may be misquoting him, but I don't think so — that the CAPL had serious misgivings about whatever it was of the land advisory committee. I was very surprised to hear that, because one of my minister colleagues had assured me that the association of Canadian landmen strongly endorsed the principle of a code of ethics, standards, and so on, and a general upgrading of the profession. I think it's long overdue, worth while, and a very positive direction.

Another area I'd like to comment on is the access of surveyors. I only became aware about five years back that surveyors had access to property without notice to the landowners. I was frankly surprised and shocked to read that. I very strongly support the recommendation of the committee as it is in the report today. In reviewing the Surface Rights Act, it says that a person about to enter on property will attempt to give reasonable notice. Frankly that's very, very loose, and I think it could lead to a lot of misunderstandings. I think some adequate notice — maybe only five days — some specified period should be given to a landowner before a surveyor comes on his property to survey for a pipeline, well site, or whatever. It is a very positive recommendation and should be supported.

I was a little disappointed with the up-front payment, Mr. Speaker. As I read the existing surface rights legislation, there are a number of areas under which the board may grant compensation to a landowner who's being expropriated or forced right of entry is being given. There is a general catch-all clause. The last subparagraph of Section 14 says: such other matters as the board may deem appropriate. I would have thought that might have been the appropriate area for the Surface Rights Board, in making an award, to say: this is a compulsory taking, the owner does not want his land taken, therefore we will award X number of dollars. I would have thought it might have been more appropriate just to use that section with general guidance or direction to the board rather than specifying \$1,000 per acre in all cases, with a maximum of 5 acres or \$5,000. Somehow it seems very arbitrary and perhaps not really meeting the test of what is required in an individual case. It may have been better to have said under that catch-all section, with direction from the government, that because of the compulsory nature of the taking, there should be a special payment in that category. I'd like to reserve comment or judgment on the recommendation in its precise form, but I do think there should be something payable, because it is a forced taking. Again, as to whether it should be a precise number or whether the flexibility should be with the board, I am open to a lot of discussion.

I expressed a lot of misgivings when I first heard the recommendation that payment rights should flow with the title. But I understand it would be prospective only; it would not affect existing agreements. From that point of view, I don't see any difficulty with it. Surely it would cause a lot of frustration to remove them. It now exists where the farmer has to work around the obstruction and is getting no compensation for it at all.

One other area is the settlement of disputes. I notice the recommendation is that the Surface Rights Board have authority to act in the form of a court for disputes or claims up to \$25,000. I remember that when this section was first introduced, I think back in '72 or '73, before I came here, it came to an organization to which I belonged, and it was at \$2,000 then. There was a time

stricture or limitation that the claim had to be made within six months. As a member of that organization, I expressed a lot of misgiving at the time about giving a non-judicial body authority, or whatever, to handle or address claims in a judicial sphere up to that level. The expectation was apparently a lot worse than the realization. My understanding from the ministry is that it is working very, very well. There would be an appeal from the section. The recommendation is to go to \$25,000. I don't know whether inflation has been that high, Mr. Speaker. In fact I'm sure it hasn't. I wonder if perhaps \$25,000 isn't a bit high at this time.

When you have a limit, so I'm told, the inclination is that you get to your limit in a hurry. Mr. Speaker, I appreciate that my speaking limit is 20 minutes. I suspect I've gotten very close to that. Using that by way of example, I think that if the upper limit on settlements by the Surface Rights Board were \$25,000, there might be some sort of inclination. Probably not, but there might be to get toward that level. I would probably support raising the level from \$2,000 to \$10,000, \$15,000 — somewhere up there. I haven't seen the briefs on which the recommendation was based. There may well be something that supports the \$25,000. In any event, there is an appeal.

Mr. Speaker, I wanted to make those very few brief comments. I've enjoyed the full debate today. I look forward to further input from all interested organizations over the summer, and discussions between all members of this government and members of the opposition. I then look forward to further debate in the Legislature when legislation is introduced next fall.

Thank you, sir.

MR. ISLEY: Mr. Speaker, as a member who participated on this committee, I feel I must say a few words tonight, even if most things have been said. First of all, I think I have to defend myself against the hon. Member for Drayton Valley, who suggested earlier that I always get the last word, and let you know that this is what it was like on the committee. Everyone else said all the important things. By the time it got to the end, they let me say something and never listened.

I would like to express my commendations to the chairman of the committee, the hon. Member for Barrhead, who I think did an excellent job of pulling a very diverse committee together, organizing our time, directing us very significantly, and also to the other members I worked with. I think they've all been identified, so I won't go through that again. I would like to pay special tribute to a member who is no longer with us though, the former hon. Member for Olds-Didsbury, Mr. Robert Clark, who participated very fully and positively in the development of this report and took a very sincere interest in it on behalf of his constituents. I must express my disappointment that the current representative for Olds-Didsbury hasn't been interested enough to be in the House or participate on behalf of his constituents.

I would also like to express my appreciation to the staff that worked with the committee: Donna Pritzl, who served as secretary to the committee and also as mother to us and controlled the amount we ate, what time we got up and went to bed, et cetera; and a special thanks to our Clerk Assistant, Mr. Blain, who did an excellent job of co-ordinating the overseas portion of the committee's work. You know, there was one thing about Mr. Blain: when you came down from your hotel room in the morning and said, good morning Mr. Blain, how are you today, the answer was, "obnoxious". When you met him

in the afternoon and said, how are you this afternoon, Mr. Blain, the answer was, "obnoxious". I will have to admit that Mr. Blain does have a good assessment of his own character and is very honest. [laughter] You asked for that one, sir.

AN HON. MEMBER: Agreed.

MR. ISLEY: I would like to respond briefly to a comment the hon. Member for Calgary McKnight made when he asked why we have no code of ethics for farmers. I would like to read into the record, so the hon. member can read it tomorrow, the code of ethics our farmers follow:

Please read this and think about it before you continue your action.

1. Does the course of action you plan to follow seem sensible and honourable to you? Never mind what anyone else has to say. If it does, it is probably right.
2. Does it pass the test of sportsmanship? In other words, if everyone followed this same course of action, would the results be beneficial for all?
3. Where will your plan of action lead? How will it affect others? What will it do to you?
4. Will you think well of yourself when you look back at what you have done?
5. Try to separate yourself from the problem. Pretend for a moment that it is the problem of the person you most admire. Ask yourself, "How would THAT person handle it?"
6. Hold up the final decision to the glaring light of publicity. Would you want your family and friends to know what you have done?

The decisions we make in the hope that no one will find out are usually wrong.

There is a code of ethics for farmers. This one I won't read, sir.

There are three or four points in the report I'd like to touch on briefly. The first is the force-take concept, which the hon. Member for Calgary McKnight suggested maybe we could incorporate in 23(e). I agree with him that that option has been there, that the board could have made rulings in this direction. It never has. Hence I would support it being laid out in a very direct way. I view the force-take concept as one of the most important single items in the report. I think it does two things. Number one, it recognizes that there is an unwilling partner to this negotiation who has no choice but to be in it; in other words, is forced into giving up a right. Number two, if you tie it to the number of acres of land involved, you're driving home the point that agricultural land is valuable, that it should be used very sparingly. I hope one of the responses of the oil industry to this would be to look very closely at how much land they could save, and hence how much of the up-front money, by eliminating that unnecessary roadway and moving that well site to a more ideal location.

I'd like to make a brief comment on page 31, public lands, where there was considerable lobbying to not treat the lease holder of public lands as an operator of those lands and involve him in the agreements, and suggested it was very important that the committee came down supporting the present system that negotiations be carried out with the provinces — the owners of public lands — and the surface lease holder as the operator. I would suggest that in other areas there is a 'creepitis' coming in on public lands that we're going to have to watch on

behalf of our lease holders.

Annual payments on pipelines: we had a lot of pressure from the farm groups to include this in our report. We've had some disappointment expressed by groups since that it wasn't included. But I think what we did include on page 26 of the report, if implemented, will be a very significant step. It states that there will be "a new type of reclamation certificate [to] be issued for pipelines at the time of installation and operation", and until such time as that reclamation certificate is issued, annual compensation would be paid. I think if we can implement that and administer it properly, it will ensure that a farmer is receiving an annual compensation as long as he is suffering a loss of productivity on that soil, and hopefully would increase the emphasis on reclamation.

I think the hon. Member for St. Paul did a very good job of covering the brief from the Elk Point Surface Rights Association and the other groups from northeast Alberta, and demonstrated to this Legislature the uniqueness of the heavy oil play. So I will not expand on it, other than to say that the committee did address that by recommending that the ERCB encourage companies to use slant-hole and directional drilling where possible, and to again offer my commendation to Suncor for the type of drilling they're doing in the Fort Kent area, where they're setting up on one site and penetrating a quarter section with 32 holes or five-acre spacing from a 10-acre working site.

I have to question the people who say that it's economically unfeasible, when Suncor tells me it's economically feasible, at least in their case. So there's got to be a saw-off point somewhere on the number of wells. But I think if we can encourage the movement in that direction, encourage the movement of single well sites to the edges of property, we can eliminate a lot of concern.

I hope that everyone would support the motion, and

that we will see legislation coming forth this fall. In closing, I would just say this. There are certain things we could do without legislation that I hope ministers would look at in the shorter term. The force-take concept could be implemented by a number of departments, maybe led by the Department of Transportation, at almost any time. I leave that challenge with you, Mr. Minister.

Thank you.

MR. HIEBERT: Mr. Speaker, I wish to adjourn debate.

MR. DEPUTY SPEAKER: Having heard the motion to adjourn debate, are you all agreed?

HON. MEMBERS: Agreed.

MR. DEPUTY SPEAKER: It is so ordered.

[Mr. Speaker in the Chair]

MR. CRAWFORD: Mr. Speaker, in a sense I'm thinking on my feet, because it's easier than doing it sitting down. The question at this hour is always whether to do some committee study of bills. I indicated to hon. members a couple of days ago that perhaps there'd be some time for that this evening. But it is getting very near the hour. I understand that it's now 9:40 in the province of Saskatchewan, and some hon. members may wish to view the national news and see what that's all about.

In light of that, Mr. Speaker, I'm suggesting that we not do the committee work tonight and that the Assembly now adjourn until tomorrow afternoon at 2:30.

[At 9:40 p.m., on motion, the House adjourned to Tuesday at 2:30 p.m.]