

**LEGISLATIVE ASSEMBLY OF ALBERTA**

Title: **Thursday, April 29, 1982 2:30 p.m.**

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

**PRAYERS**

[Mr. Speaker in the Chair]

head: **INTRODUCTION OF BILLS**

**Bill 37****Alberta Income Tax Amendment Act, 1982**

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

This Bill parallels Bill No. 36 on the Order Paper, the Alberta Corporate Income Tax Amendment Act, 1982, by providing individuals with the enrichment of the royalty tax credit, effective September 1, 1981, and as announced in the oil and gas activity plan. As well, it modifies the Alberta royalty tax rebate, to accord with the provisions of the energy agreement of September 1, 1981.

[Leave granted; Bill 37 read a first time]

**Bill 235****Denticare Act**

MR. NOTLEY: Mr. Speaker, I beg leave to introduce Bill No. 235, the Denticare Act.

The basic principle of Bill No. 235 would be the establishment of a province-wide denticare system.

[Leave granted; Bill 235 read a first time]

**Bill 244****Nursing Assistants Registration  
Amendment Act, 1982**

MR. R. SPEAKER: Mr. Speaker, I'd like to introduce Bill No. 244, the Nursing Assistants Registration Amendment Act, 1982.

This gives nurses the needed recognition, in their important role as male nursing assistants in our hospitals.

[Leave granted; Bill 244 read a first time]

head: **INTRODUCTION OF SPECIAL GUESTS**

MR. MANDEVILLE: Mr. Speaker, I'd like to introduce to you, and through you to members of the Legislature, 38 grade 9 students from the Griffin Park school, who have travelled from Brooks to sit in the Legislature and watch us in session this afternoon. They are accompanied by teachers Larry Regner, Bill O'Neill, and Kay Thibert; parents Gail Bechal, Alice Bell, and Marg Wist; and bus drivers Vi Erion and Sharon Kuiper. They're in the members gallery, and I'd like them to stand and receive the recognition of the House.

MR. WOO: Mr. Speaker, it is my pleasure this afternoon to introduce to you, and through you to members of the Assembly, 19 grade 10 students from Bev Facey high school in the constituency of Sherwood Park. Accompanied by teacher Carrie Miller and teacher's aide Mrs. Adele Collings, they are seated in the members gallery. I ask that they now rise and receive the warm welcome of the House.

MR. HIEBERT: Mr. Speaker, on behalf of the Member for Drumheller, I would like to introduce to you, and through you to members of the Assembly, 45 grade 9 students from Samuel Crowther school in Strathmore. They are in the public gallery, and I ask them to rise and receive the traditional welcome of the House.

MR. KESLER: Mr. Speaker, today I'd like to introduce to you, and through you to members of the Legislature, a group of grade 12 Social 30 students from Olds high school, who are involved in studying international governments this year. Accompanying them is their teacher Mr. Moreau. He's a rather brave individual, because he's the only parent with that group. We hope they enjoy their visit to the Legislature.

MR. MANDEVILLE: Mr. Speaker, I'd also like to introduce to you and to members of the Legislature an interesting constituent of mine. He did take care of Edmonton; he was the chef for Peter Pocklington. Now he's taken over a new duty; he is trying to be the chef for the Minister of Housing and Public Works — or the Minister of Housing and Public Works is trying to get him to be his chef. He cooked a beautiful cake for the hon. minister when he was down there. I would like Cal Lasky to stand and be recognized by the House.

DR. BUCK: Mr. Speaker, this is one of those "I'm not sure if they're here" efforts. Are the Fort Saskatchewan students here? They're not. I'll wait for half an hour or so.

head: **MINISTERIAL STATEMENTS**

**Office of the Premier**

MR. LOUGHEED: Mr. Speaker, I have a rather important but also complicated ministerial statement, which I would like to present to the Assembly today. I would prefer that the document be distributed to the members of the Assembly at this time, during the course of my reading the document through. I believe they're available for distribution. This is the Alberta proposal for the Alsands project, which was presented to the remaining participants of the consortium on April 26, 1982, last Monday, by the Minister of Energy and Natural Resources.

The national energy program of the federal government of October 28, 1980, stated that the program "will bring oil security in this decade". It also stated that the program "will spur oil sands development", and contemplated in its supply projections substantial oil sands production by 1990. Prior to the introduction of the national energy program, the Alberta government had been working closely with the consortium of companies which had formed Alsands and was making good progress to finalize royalty arrangements. In addition, the Alberta government authorized certain permits for preliminary clearing work in the winter of 1980, and it

constructed an access road and a bridge to accelerate the construction schedule. I refer hon. members to the chronological history of the Alsands project, which is attached to the ministerial statement.

After the announcement of the national energy program in the fall of 1980, spokesmen for the consortium stated that they were not prepared to proceed unless and until they had full assurance of international prices. The national energy program provided for an oil sands reference price which could not exceed the international price and, under then-anticipated international prices, would have been much less. It is clear that under the national energy program pricing and tax regime, oil sands projects would not proceed. During the period from the announcement of the national energy program on October 28, 1980, to the signing of the energy agreement of September 1, 1981, 10 months later, the Alberta government took a number of specific actions to ensure that the project would not be delayed if a satisfactory energy agreement could be reached in a reasonable time.

Mr. Speaker, during the negotiations in the spring and summer of 1981, the Alberta government pressed for a basic change in the national energy program, to allow oil from oil sands plants to receive the international price. The federal government acceded to this approach in the energy agreement of September 1, 1981. In addition, Alberta agreed to reduce its royalty rate from the 50 per cent of net profits applicable to Syncrude, to only 30 per cent of net profits for Alsands, and with a phased in 10 per cent minimum royalty arrangement. As of September 1, 1981, the federal government, through PetroCan, was committed to a 17 per cent equity interest in the Alsands project. The Alberta government had no commitment for any equity interest. Both the federal and Alberta ministers were of the view that the provisions of the energy agreement would provide an acceptable rate of return for private-sector investment, but appreciated that there might have to be further assessment of those provisions.

The Alsands consortium, after September 1, 1981, contended there would have to be further negotiations with both governments to improve the package for the oil sands plant. This occurred at the official level during the fall, and with the ministers, commencing in December 1981. In December 1981, representatives of the consortium advised both governments that a 20 per cent rate of return was required, and adjustments were accordingly made to accommodate that target. Unfortunately, during February 1982 a number of the participating companies withdrew for a variety of reasons, and the Alberta government has since been developing a proposal to encourage the project to proceed.

The Alberta government recognizes that although there are economic benefits to Alberta from the project, it essentially creates jobs which would have to be filled primarily by people migrating to Alberta. But these job opportunities would not occur during the expected duration of the current economic downturn. However, the Alberta government believes that an oil sands plant at this time is a sound equity investment for the Heritage Savings Trust Fund and, as it did in Syncrude, is prepared to make a major investment in the project by way of equity, provided at least 50 per cent of the project is owned by the private sector. The reason for this condition is our view that the management and operation of such a large project should be under the control of private-sector participants.

The Alberta government also has been aware that the number of potential private-sector participants in such a

large project in Canada is limited. Its — that is, the Alberta — substantial oil and gas activity program of April 13, 1982, enhances the cash flow position of the remaining private-sector participants and other potential participants. Therefore Alberta developed a proposal, in concert with the federal government, and jointly proposed it to the remaining participants in the Alsands consortium.

The governments propose the following. First, private-sector participation must be at least 50 per cent. Second, in lieu of normal tax write-offs, the Alberta government and the federal government would each provide a loan guarantee for 34 per cent of private-sector expenditures in the preproduction period. The guarantee would be provided to a standalone corporation that owns the private share in the project. Thirdly, no repayments of interest or principle would be scheduled until after project start-up.

Fourthly, after production start-up, 58 per cent of the net revenue accruing to the private sector shall be paid equally on the two loan guarantees. Net revenue is to equal gross revenue, minus 110 per cent of the operating costs, minus capital additions, minus Alberta gross royalty. Fifthly, interest on each guaranteed loan can be capitalized and added to the outstanding loan balance, and the guarantee will be correspondingly increased. Sixth, net revenue accruing to the private sector shall not be subject to income or other taxes or to Alberta's net revenue royalty until the loans are paid. Seventh, after loan repayment, the private sector's revenue share shall be subject to income tax, petroleum gas revenue tax, and royalties as defined below.

Mr. Speaker, the Alberta participation in the proposal is as follows. Alberta proposes to take a 25 per cent equity interest in the project. Secondly, Alberta's equity interest will not be subject to taxation by the federal government. Thirdly, Alberta shall have a gross royalty phased in after the first 5 million barrels of production at the rate of 1 per cent every 18 months to a maximum of 5 per cent until the guaranteed loans are repaid. Thereafter, Alberta shall have the greater of a 5 per cent gross royalty or a royalty equal to 30 per cent of net revenue as defined above.

Next, with regard to federal participation, Mr. Speaker, first, it was proposed that the federal government take a 25 per cent equity interest in the project. Secondly, the federal government's equity interest would be subject to provincial taxation, and its equity interest will pay the same royalty as the private-sector interest. Thirdly, the federal government will not levy the petroleum and natural gas revenue tax upon the private-sector equity until the guaranteed loans are repaid. Fourthly, the petroleum and natural gas revenue tax imposed after the guaranteed loans are repaid shall be 16 per cent. In any year, however, the private sector's liability for the petroleum and natural gas tax shall not exceed its royalty liability.

The other terms of the proposal are as follows. This proposal replaces all provisions relating to the Alsands project contained in the agreement between the government of Canada and the government of Alberta of September 1, 1981, except those provisions relating to the price to be received for the project's synthetic oil production. Secondly, synthetic crude production from the project shall receive such quality price premiums that it can obtain in the market. Thirdly, the project will not have its production prorated to demand.

In terms of the assessment of benefits of this proposal, Mr. Speaker, the Alberta government's assessment of this proposal is as follows. First, it will provide participating

private-sector partners with at least a 20 per cent rate of return based on a lower price forecast than was used in the January 1982 proposal. Secondly, it significantly reduces the cash requirements of the private sector because of the government's loan guarantees. Thirdly, it involves nominal royalty payments to Alberta, unless and until the project is profitable. Fourthly, it defers taxation of the project until after the participants have recovered their investment. And lastly, it ensures that management and operations are under the control of the private-sector participants.

The appendix attached is important, and I refer it to all hon. members.

I am advised that the consortium will be meeting in Calgary tomorrow, and will be making a decision about noon tomorrow, which will be announced from Calgary. Mr. Speaker, I believe the government of Alberta has done everything that is reasonable or possible to do to ensure that this project proceeds under the existing circumstances.

MR. R. SPEAKER: Mr. Speaker, speaking very briefly to the ministerial statement of the Premier today. As I think is echoed throughout the oil and gas industry and by many who sit waiting, specifically in the Edmonton and Calgary business worlds, I would like to say: yes, those people appreciate an announcement at this time, but they don't appreciate the fact that we've had to wait three years until some type of announcement is made. That's number one.

Number two, the business community and many Albertans don't appreciate the fact that, here again, we in Alberta are committing billions of dollars from the heritage fund or from other revenue, or potentially from loans on the open market, to bring forward in the province of Alberta a project that three years ago could have been done through the private sector. That's the concern of Albertans today, even with this announcement. We as Albertans are committing ourselves, through government funds, to a large equity in a project when we need those funds across the province and in many other areas, such as the farming community and the small business community.

Mr. Speaker, that's my concern with this proposal before us. It's just a little too late for the government's action to have taken place. But that's the concern, and it's unfortunate that we used the tar sands, the heavy oil sands, to try to negotiate the September 1, 1981, agreement. As well, that agreement has failed to meet the commitments or to fulfil the needs of the Alberta oil and gas industry. Because even using this heavy oil as a tool to negotiate the September 1 agreement, that failed; again we as the people of Alberta must pick up the failure of those negotiations. Mr. Speaker, it's an unfortunate situation, that we have to come to the point we are here today.

#### **Department of Tourism and Small Business**

MR. ADAIR: Mr. Speaker, I wish to announce a further aspect of the government of Alberta's economic resurgence program, which will benefit the truck transportation industry. This announcement results from representations made by the trucking industry and a number of MLAs.

Current economic conditions have placed severe hardships on all sectors of the trucking industry. Although truck transportation is a successful sector of our economy

when times are good, the same factors make it very vulnerable during a period of economic uncertainty. The government of Alberta is very conscious that all truckers — individual owner/operators and small and big firms alike — have experienced increased costs, and cash flows have been sharply reduced. These problems have been felt by all operators, but particularly by the small operator.

A healthy trucking industry is vital to the continued growth of Alberta, and therefore the Alberta government is introducing today this temporary truck licence fee reduction program as a further measure, the third in a series of economic resurgence program announcements. Although Alberta truck licence plate fees have traditionally been among the lowest in Canada or North America, the fees will now be temporarily reduced even further for the 1982-83 licence year only, in order to leave more cash in the hands of the operators. The program applies to all major categories of truck licences: those in the CV, DU, E, PSV, and PT plate categories.

Under this program, all truck licence fees which exceed \$40 will be reduced. Fees between \$80 and \$1,865 will be reduced by 50 per cent. Fees between \$40 and \$80 will be reduced to \$40. Thus, all the higher fees will be substantially reduced and many more trucks will be licensed at fees at or near the minimum rates.

An additional feature of the program, intended to further assist truckers with their current cash flow problems, is that the deadline for renewing previously licensed trucks is now extended 60 days, from April 30 to June 30, 1982. The 1981-82 licences in the five plate categories mentioned will remain valid until June 30, and therefore no payment will be required immediately.

This initiative has been prepared in consultation with the Minister of Transportation, the Solicitor General, and the Provincial Treasurer.

The benefits of this plan will be available to all trucks operating in Alberta and, in order to foster the interprovincial and international commerce that we have always encouraged, will apply fully to trucks which operate in Alberta under all proration agreements between Alberta and other jurisdictions.

By reducing the licensing fees temporarily, the Alberta government is providing relief to the transportation industry of about \$17 million. By providing the benefit in this way, it will be broadly distributed throughout the industry.

Mr. Speaker, may I say that this temporary fee reduction program is directed specifically for those trucks that are presently assessed licence fees in the five commercial categories noted. Fees for any passenger car, truck, or other small vehicles now assessed at \$40 or less will be unchanged. Motorists owning these vehicles already enjoy the benefits of licence fees which are among the lowest in Canada. It does not apply to farm trucks, which have always been licensed at the minimum amounts, and whose owners also have the benefits of the more than doubled farm fuel distribution allowance which was recently announced.

Oil field bed trucks with a tare weight of 13,600 kilograms or more, about 30,000 pounds or more, will be permanently reassessed at 50 per cent of the normal fee scale. For this year only, the temporary licence fee reduction program will further reduce fees in this category only, to 25 per cent of the 1981-82 rates.

The reduced fee scale will be in effect tomorrow, April 30, 1982, at those motor vehicle offices which issue truck licences. For those owners who have already purchased their 1982-83 plates and paid the higher rates, refund

cheques will be sent out by the Department of the Solicitor General. No application is necessary for this refund. I should repeat that: no application is necessary for this refund. This is a program of temporary relief, in recognition of the problems of economic uncertainty, and applies only to the 1982-83 licence year.

The immediate benefit of this program is that a significant sum of cash will be returned to the hands of every truck owner whose licence fee now exceeds \$40. About 85 per cent of consumer goods and general freight moved in Alberta is shipped by truck. The reduction in trucking costs will, therefore, benefit all Albertans. [applause]

DR. BUCK: You must be listening to the polls, boys.

#### head: ORAL QUESTION PERIOD

##### Oil Sands Development

MR. R. SPEAKER: Mr. Speaker, with regard to the equity interest of the Alberta government in the project, could the Premier indicate what the 25 per cent interest would be, in terms of actual dollars, in billions of dollars?

MR. LOUGHEED: Mr. Speaker, I think it works out to between \$3 billion and \$3.5 billion in the forecasted estimate and, over the period of six years, averages about \$500 million a year.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. With regard to the guaranteed loans, could the Premier indicate what the commitment from the Alberta government would be?

MR. LOUGHEED: Mr. Speaker, I'll refer that question to the Minister of Energy and Natural Resources.

MR. LEITCH: Mr. Speaker, it would be somewhat higher than the 25 per cent equity interest just referred to in the earlier question, because it would total 34 per cent of the preproduction costs, plus accumulated interest. Depending on the interest rate one uses, there will be a slightly different answer. But it would be in the order of \$6 billion to \$6.5 billion.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the hon. Premier or the Minister of Energy and Natural Resources, with regard to the time of commitment of that \$10 billion. Would that be over a period of four years or five years, or would that be money made available at the initiation of the project? If there's an agreement tomorrow, as of Monday are we in Alberta committed to that \$10 billion revenue support?

MR. LOUGHEED: Mr. Speaker, I think it would be important to divide the loan guarantee, just as we have contingent liabilities from the cash commitment or revenue commitment for equity. The revenue commitment would be over a period of five to six years.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the hon. Premier or the Minister of Energy and Natural Resources, with regard to other participants in the consortium. Our understanding is that other companies have been looking at the possibility of becoming involved, and have indicated interest in the last day or two. Could the Premier or the minister bring us up to

date as to whether there is actual interest, or would Shell, Gulf, the two governments, and Petro-Canada be the only participants?

MR. LOUGHEED: Mr. Speaker, we have no information that we could give the House. I know that discussions have occurred, both between ourselves and possible private-sector interests, but also between the remaining participants in Alsands and other possible private-sector participants. But we have no information that we can give the House at the present time.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. Premier. From the ministerial statement, would a correct assessment be that the total of the equity is about \$3 billion to \$3.5 billion? I recall the statement of the Minister of Energy and Natural Resources that the total of Alberta's guarantee, when we include the accumulated interest, would be about \$6.5 billion. Could the Premier or the Minister of Energy and Natural Resources advise on what basis that interest will be calculated? Will it be the current rates? Would a correct conclusion then be that the total amount of risk — because there is some risk in the guaranteeing of the private-sector loan as well — would be in the neighborhood of about \$10 billion?

MR. LOUGHEED: Mr. Speaker, I refer that question to the Minister of Energy and Natural Resources.

MR. LEITCH: Mr. Speaker, the loan guarantee would be at the prevailing rates of interest during the time of the loan, and that would be subject to negotiation if the proposal is accepted with the financial institutions. But presumably it would be on the rate of interest at which the two governments could borrow or, in the case of the Alberta guarantee, the Alberta government.

MR. NOTLEY: Mr. Speaker, then this \$6.5 billion must be based on some assessment of what the average rate of interest is likely to be for the private-sector investors when they borrow this money. In view of the \$6.5 billion figure cited, does the provincial Minister of Energy and Natural Resources have any estimate of what that will average out to, over the period of time?

MR. LEITCH: Mr. Speaker, one could use a number of interest estimates to arrive at that figure. I can't call to mind the precise interest number that would lead to the figures I've given, but that's certainly some information I'll get and pass on to members of the Assembly.

MR. NOTLEY: Mr. Speaker, a further supplementary question to the hon. Minister of Energy and Natural Resources. Under the terms of this 34 per cent of the private-sector expenditure — and I gather that's going to be matched by the federal government — should the project not succeed, Alberta would be committed to paying in the neighborhood of \$6.5 billion. Is that correct?

MR. LEITCH: Mr. Speaker, I don't quite follow the hon. member's question about the project not proceeding, because by the time ...

MR. NOTLEY: Succeeding.

MR. LEITCH: Again, Mr. Speaker, I think the hon. member might have to define somewhat what he means

by not succeeding, because we'd have a plant there capable of production. If the hon. member is contemplating a technological failure or something that would render the plant incapable of production, then the answer to his question would be yes. But if he is referring to a project that was producing less than anticipated, or the prices were less than anticipated, I think you'd have an entirely different situation.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. Minister of Energy and Natural Resources, with respect to the forecast. Yesterday I asked the Premier whether the price forecast would be tabled in the House. I should mention that that was done in the case of the Syncrude project in 1975. The government has in its possession forecasts for a price necessary to pay back the rate of return for the private sector, pay back the loans, pay back the amount we will be investing directly in the project. Will that price have to be above the world price or will it fit into the world price, on the basis of the forecasts the minister has in his possession?

MR. LEITCH: Mr. Speaker, I didn't catch the last few words of the hon. member's question.

MR. NOTLEY: Mr. Speaker, the question is: is the government's updated forecast of prices — which, as I read the report, is now different from the forecast of prices last fall, when the energy agreement was signed — such that this project can proceed on the basis of the world price, or will it have to have a higher price than the world price at some point?

MR. LEITCH: No, Mr. Speaker. The project returns are based on a forecast of the world price, not on a price higher than the world price.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. Minister of Energy and Natural Resources. In light of the importance of this investment, will the government reconsider its position and table, as it did in 1975, the forecasts of price projections it has in its possession?

MR. LEITCH: Mr. Speaker, that's a question I will take under consideration and give further thought to, in light of additional information we may have, arising from the consortium's meeting tomorrow.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. provincial Minister of Energy and Natural Resources. Will the government also commit itself to tabling in the House either a summary of or the formal review of construction costs, in view of the fact that in 1980 we had a construction estimate of \$8 billion, I believe, and we're now looking at \$13 billion or \$14 billion.

MR. LEITCH: Mr. Speaker, I think I dealt with that question on two earlier occasions in the Assembly. I indicated that I thought we should file a summary, at least an executive summary of the independent report on the costs of the project. I only had one reservation as to whether that summary would in any way impair the capacity to get competitive bids by the project owners. I haven't had the opportunity to consider that question further, but I will. Subject to that, I certainly think at least the summary should be filed in the Assembly.

MR. KESLER: Mr. Speaker, a supplementary question to the hon. minister. We have a program outlined here, and I'm concerned about its rigidity. Would the private-sector participation be allowed to exceed the 50 per cent outlined in the program?

MR. LOUGHEED: Mr. Speaker, if I follow the question from the Member for Olds-Didsbury, to the extent that there was interest in the private section in excess of the 50 per cent, it would certainly be the view of the Alberta government that we would be prepared to reassess and back away from our percentage interest, although we believe that it is a good investment and would be prepared to look on it as a good investment, if that happened. But at the moment, our position is — and I believe the realities are — that what we're aiming and striving for is a 50 per cent private-sector participation so they can be involved and responsible, as I mentioned, for the management and operation of the project.

[Two members rose]

MR. SPEAKER: The hon. Member for Calgary Buffalo has been trying to get in a supplementary for some time.

MR. SINDLINGER: Mr. Speaker, a supplementary question. May I ask the minister what would be the anticipated rate of return on the Alberta Heritage Savings Trust Fund investment of the 25 per cent equity portion?

MR. LEITCH: Mr. Speaker, it would be in the range of 20 per cent.

MR. SINDLINGER: Mr. Speaker, I wonder if the minister might indicate whether that rate of return is an accounting or discounted cash flow rate of return. I'd like to compare that to the rate of returns offered by the Provincial Treasurer on the Syncrude project, where it was indicated that the accounting rate of return was in the area of 2 per cent, but the discounted cash flow rate of return was 15 per cent. Given the wide spread between the two, it's important to know which type of rate of return is being used.

MR. LEITCH: Discounted cash — an internal rate of return, Mr. Speaker.

MR. SINDLINGER: Mr. Speaker, a supplementary question. In regard to the 20 per cent rate of return required by the private-sector participants, could we ask the minister whether that 20 per cent rate of return is on the total project or just on the equity portion of their investment?

MR. LEITCH: Mr. Speaker, it would be on their investment.

MR. SINDLINGER: Mr. Speaker, a supplementary question in regard to page 4, Section A(2), the loan guarantee for 34 per cent of private-sector expenditures in the preproduction period. I'm not quite sure where those loans would come from, and I might ask the minister whether it's anticipated that those loans for that 34 per cent of the private-sector expenditures would come from the heritage fund.

MR. LOUGHEED: Mr. Speaker, in this case I don't think you can relate loan guarantees to either the Herit-

age Savings Trust Fund or the General Revenue Fund. They're in a similar position to what we currently have with regard to contingent liabilities, liabilities of the government of Alberta generally.

MR. SINDLINGER: Mr. Speaker, another supplementary in regard to the private-sector investment. It has been said that the return on investment would be 20 per cent on a project basis. In the calculations made here, I would like to ask what the debt/equity ratio was.

MR. LEITCH: Mr. Speaker, those calculations would be made on the basis of the 25 per cent equity interest on the part of the Alberta government, 25 per cent equity interest on the part of the federal government, and the loan guarantee for 68 per cent of the private-sector investment. Presumably the balance would be equity by the private sector. We would not contemplate borrowing, in the traditional sense, for the equity interest of the provincial government.

MR. SINDLINGER: Mr. Speaker, I presume the private sector will put up a portion of equity and debt equity as well. What will be the anticipated rate of return on the equity put up by the private sector, as opposed to the project rate of return, which includes not only the private investment but the debt.

MR. LEITCH: Mr. Speaker, I don't have that calculation. I think the numbers we have given were based on the assumption that the equity interest would be the difference between the preproduction costs and the loan guarantee amount.

MR. NOTLEY: I'd like to clarify that, if I may, by a supplementary question.

MR. SPEAKER: Followed by a supplementary by the hon. Member for Bow Valley, then the hon. Leader of the Opposition.

MR. NOTLEY: The minister is saying that according to his understanding, the proposal would mean that at this stage the private-sector equity would be 16 per cent of the total project, which is 32 per cent of the private sector's share. The other 68 per cent is going to be borrowed and guaranteed by the two governments. Is my arithmetic correct?

MR. LEITCH: I don't have any quarrel with the hon. member's mathematics, Mr. Speaker.

MR. MANDEVILLE: A supplementary question. Could the hon. Minister of Energy and Natural Resources indicate what portion of the \$4 million made available to the consortium for the month of April has been drawn? Will further funds be made available for the month of May, as far as the \$4 million is concerned?

MR. LEITCH: Mr. Speaker, no funds have been provided with respect to the project costs for the month of April. There is a commitment, but no funds have actually been provided. There have been no discussions with respect to providing funds after April 30.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to either the Premier or the Minister of Energy and Natural Resources, with regard to the length of the term

for guaranteeing the loans. As I read quickly through the announcement, it seems to be open-ended. On page 5, Section B(3), Alberta has committed not to raise its gross royalty "until the guaranteed loans are repaid". And on page 6, No. 3:

The federal government will not levy the petroleum and natural gas revenue tax upon the private-sector equity until the guaranteed loans are repaid.

What commitment are we as a government making with regard to guaranteeing the loan — that's the first one — and its term? I understand the loans will be through conventional lending institutions.

As well, Mr. Speaker, I would like to ask the Premier or the minister . . .

MR. SPEAKER: Perhaps we could take them one at a time, so we don't get lost in the text.

MR. R. SPEAKER: How long would it be that we would . . .

MR. SPEAKER: Could we take them one at a time please?

MR. LEITCH: Mr. Speaker, there is no term on the loan guarantee; it's until the loan guarantee is paid. But I'd call to the attention of the hon. Leader of the Opposition No. 4 on page 4, which provides that 58 per cent of the net revenue, as defined in that clause, is to be applied to the repayment of the loan. So when that share of the revenue pays the loan, that would be when the gross royalty of 30 per cent became applicable, and the other provisions relating to taxation in the proposal.

Mr. Speaker, as to the time, that will vary if one adjusts interest rates and prices in one's calculations. It would be in the order of perhaps 10 or 12 years.

MR. SINDLINGER: Mr. Speaker, a supplementary with regard to the prorationing on page 6, No. 3 under Section D: "The project will not have its production prorated to demand." I'd like to ask the Minister of Energy and Natural Resources what consideration has been given to the possibility or potential of new, small tar sands or heavy oil developments that would produce in the range of 5,000 to 60,000 barrels a day, say, as opposed to a plant of this size, which will produce something like 150,000 barrels a day. Mr. Speaker, the reason I am asking the question is that it seems that if this project goes on stream and does not have its demand prorated with other producers, it will give them a monopoly on the market.

MR. LEITCH: Mr. Speaker, I think it very unlikely that there will be any monopoly on the market in the foreseeable future. Subject to getting the policies changed in Canada that are now leading to significant shut-in production of conventional oil, it's going to be a significant number of years before Canada is capable of producing all its oil demand requirements. If Canada were able to produce more oil than it needed, that would be the only occasion on which the question of prorationing would arise. Even if we got into that fortunate circumstance — and as all members of the Assembly are aware, we have done all the province can do in an effort to ensure that we reach oil self-sufficiency — in my judgment, there is still a market in the United States for any surplus oil Canada might have. So I really don't foresee the risk of this provision, that there not be prorationing in respect of

synthetic crude from this project, having any significant impact on future projects. I conclude by advising members of the Assembly that that is the arrangement now applicable to the Syncrude project.

MR. NOTLEY: A supplementary question to the hon. ...

MR. SPEAKER: I believe the hon. Member for Clover Bar and the hon. Leader of the Opposition were trying to get in with supplementaries, following a final one by the hon. Member for Calgary Buffalo.

MR. SINDLINGER: Mr. Speaker, my supplementary question is with regard to the one I just asked. With reference to page 3, I would like to find out specifically why the Alberta government is making this proposal. Page 3 says that the government recognizes that there are economic benefits to the province, but the jobs created would be filled primarily by migrants to the province. In any case, the benefits would be some time down the road, therefore not timely enough to ameliorate the current economic downturn. My question is: inasmuch as that paragraph goes on to say that the government believes that the oil sands would be a sound equity investment for the Heritage Savings Trust fund, is that the only reason for investing in this plant at this particular time; that is, because it is a sound equity investment for the Heritage Savings Trust Fund?

MR. LOUGHEED: No, Mr. Speaker. There are obviously two other very important reasons, in the longer term economic scheme of Alberta. After the conclusion of the current economic downturn, there's no question that a project of this nature, by its very essence, will continue to provide long-term and intermediate-term economic benefits to the province of Alberta. The point was made there that it's not in any way attempting to present to the people of Alberta that it can resolve the economic difficulties that Alberta, other parts of Canada, and the world face today. In the intermediate and longer terms, there are obviously economic benefits, as there are with the previous oil sands projects.

Secondly, there is a very important aspect: as the province that owns the oil sands, we want to maintain our position of being a leader in synthetic oils throughout the world. We're there now, and we think that by proceeding with a project of this nature, we'll sustain our worldwide leadership in terms of the development of synthetic oils. In our judgment, there is no question that the technology of this project is not at all a risk, in the sense that we have gone through the Suncor and Syncrude experiences. For that reason, we believe it is a good investment.

I might add that not only am I confident about the longer term future with regard to pricing, and prepared to stand behind a commitment of this nature — as, of course, is the federal government — but in terms of the potential, we're of the view that this is a very appropriate time in North America to be constructing a major project relative to inflationary costs. So we add all those together: number one, the intermediate and longer term economic benefits; number two, continuing to be a world leader in terms of synthetic oil production, which is a resource owned by the people of this province and should not be allowed to stagnate, if possible; thirdly, with regard to the equity investment, which we think will provide a major return; and finally, of course, we think it

will be profitable. If you add the equity investment return to the 30 per cent net profit return, when the conventional oil production declines in this province, future governments will have the opportunity of important revenue flows.

DR. BUCK: Mr. Speaker, a question to the Premier or anyone the Premier can field it to. Can the Premier indicate if there are any figures available at this time as to the investment in additional infrastructure costs above and beyond the normal operating costs required for the municipality of Fort McMurray, if the project does not go ahead? Does the government or do the ministers have any figures as to the costs we've already invested in infrastructure in that area, in anticipation of the project going ahead?

MR. LOUGHEED: Mr. Speaker, I don't have that at this particular time. I think the hon. member is aware that in the course of the Suncor and Syncrude development in Fort McMurray, there was a significant investment in infrastructure, including housing, roads, recreation, hospitals, and other facilities, to support and sustain that community. They've been planned in a way that would sustain the community as a very attractive and progressive community in this province, whether or not this project proceeds.

The specific question I'm sure the hon. Member for Clover Bar is referring to is: what commitments of expenditure has the provincial government made in anticipation of this particular project? I don't have the figures. The two obvious items involved are the \$4 million commitment in the current month to try to see if we could come to an arrangement — that's up to \$4 million — and the construction of an access road and bridge referred to in the chronology. There may be others. I could check and get that information back.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to either the Premier or the Minister of Energy and Natural Resources. It refers to page 6 of the appendix, January 13, 1982, where Mr. Leitch and Mr. Lalonde met the consortium in Ottawa and made "a [definitive] proposal regarding the royalty, pricing, taxation and financing for the Alsands project." My question is: what is different in the proposal presented to the Legislature today that would have the consortium accept the arrangement now, when they wouldn't accept it as of January 13, 1982?

MR. LEITCH: Mr. Speaker, there were a number of significant changes. For example, there was not the commitment to 50 per cent equity ownership on the part of government in that offer, and no commitment on the part of the province of Alberta to an equity interest at that time. In addition, while there was an element of a loan guarantee in that offer, it has been changed in the present one. But perhaps the most significant aspect is that this proposal really involves what one might call a "stand alone project"; that is, set aside from the normal taxation system. As is provided in the proposal, in lieu of normal tax provisions, a loan guarantee will be provided, whereas the offer in January involved the normal application of the tax system. In addition, Mr. Speaker, in our judgment, this one provides an improvement in the rate of return to the private sector. It is based on a somewhat lower price forecast than we were using in January this year.

MR. R. SPEAKER: Mr. Speaker, supplementary to the question. I believe the hon. minister has outlined what the province has changed in terms of the proposal. Would those proposed changes the minister mentioned be similar for the federal government? Did they make the same kind of concessions, or are there other concessions here by the federal government that were not available as of January 13?

MR. LEITCH: Mr. Speaker, there would be a major change, on the part of the federal government, in providing a vehicle that is outside the tax system. In addition, there is a larger equity commitment on the part of the federal government than was involved in the January proposal, and changes in the taxation position from what existed in January.

MR. NOTLEY: Mr. Speaker, a supplementary question to the minister. I presume, then, that the participating companies will be able to deduct, from their federal tax payable, all the funds they invest in the way of equity in the stand alone company. Along with that, the question I'd like to put to either the hon. Premier or the hon. Minister of Energy and Natural Resources is a follow-up from the hon. Member for Calgary Buffalo, with respect to the loan guarantee itself and where this money will be obtained. That's a lot of money to borrow on the private market. Is it viewed that this will come from lending institutions in the country, or is there at this time any consideration of some form of debt capital being made available by governments — either federal or provincial — on that aspect of it?

MR. LOUGHEED: Mr. Speaker, nothing is contemplated along those lines. The concept would be that participating companies would arrange their own debt financing in their normal way, and we as governments would then guarantee it as contingent liabilities, as we do in other ways.

MR. KESLER: A supplementary question, Mr. Speaker.

MR. SPEAKER: Might this be the last supplementary on this topic.

MR. KESLER: Could the hon. Premier indicate to the Assembly, and assure the Assembly, that because of the considerable involvement by the provincial and federal governments in Alsands as it stands in the presentation, the conventional oil industry will not be discriminated against, perhaps in programs whereby they may need some assistance to get through these economic conditions we're facing today?

MR. LOUGHEED: Mr. Speaker, if that question had been asked a month ago, before the extension, I believe it would have been a very valid one. But certainly by the announcement of April 13 of the \$5.4 billion program over a five-year period, which is extremely positively received by almost every sector of the petroleum industry — I think every sector — it's obvious that the government views that the first priority is in terms of the conventional oil and gas industry. We'll continue to do that.

MR. SINDLINGER: One final supplementary?

MR. SPEAKER: Perhaps we could come back to it. There are three members who would like to ask their first questions, and we're starting to run out of time.

MR. LEITCH: Mr. Speaker, I wonder if I might make a comment on an answer I gave earlier with respect to the size of the loan guarantee. I believe I misinterpreted the hon. member's questions, and I was responding to the total of the guarantee. But I'd like to check the questions and answers, and I will make sure I correct any errors in the transcript.

MR. NOTLEY: Mr. Speaker, my question relates to the announcement too. It is with respect to No. 4 on page 4, the calculation of the amount that will be paid back on the loan guarantees. Does this calculation of "58 per cent of the net revenue accruing to the private sector shall be paid equally on the two loan guarantees" after the production start-up — which I assume will be in about five years' time — does that presume a rate of return of 20 per cent or thereabouts as of start-up?

MR. LEITCH: Mr. Speaker, the 20 per cent rate of return I referred to would be the rate of return for the investment in the project. It's not governed by any time period during the lifetime of the project. We assume a lifetime of the project, and that rate of return is based on the lifetime.

MR. NOTLEY: Mr. Speaker, a supplementary question. The minister indicated that we're looking at about 10 or 12 years. I understand that with the varying calculations on interest rates, there will be some time frame. I presume that's 10 or 12 years from now, as opposed to 10 or 12 years after start-up? Or is it 10 or 12 years after start-up, before Albertans might be able to look at this 30 per cent, as opposed to the 5 per cent royalty?

MR. LEITCH: Mr. Speaker, it would be after start-up. I don't want to leave the impression that that period would fluctuate only with the change in interest rates. It is going to alter with prices, cost of operations, and a variety of things. In my earlier answer I mentioned that prices and interest costs would be the most significant variables, but a variety of items would alter that ... [inaudible].

MR. SINDLINGER: Mr. Speaker, a supplementary to the minister in regard to Section 4 on page 4, the net revenue. In the analysis of the cash flow for the project, both for the government and the private sector, what will be the total net cash flow to the government of Alberta, and what will be the total net cash flow to the private sector?

MR. LEITCH: Mr. Speaker, I don't have those figures with me. I'd have to consider the question and endeavor to provide them.

#### Oil and Gas Activity Program

MR. KESLER: Mr. Speaker, my question is to the hon. Premier. In light of the answer I received, I'd like to make some preamble. As the \$5.4 billion has affected a limited number of exploration companies, is the Premier considering any further changes to the conventional oil and gas activity program?

MR. LOUGHEED: Mr. Speaker, that certainly hasn't been the response by almost every spokesman for the oil and gas industry in our province. They say it was a well-designed program that met all the various segments of the industry, the large and small ones as well as the service sector. Certainly the reaction has been that it was more; many people have said, many comments have been made, that the Alberta oil and gas activity program was more than was expected or anticipated by the conventional oil and gas industry. They're going to be responsive to it.

MR. KESLER: A supplementary question, Mr. Speaker. Because they have very limited product on stream, many Alberta-based junior oil companies are not in a position to receive royalty credits as outlined. Would the hon. Premier consider investigating further activity programs?

MR. LOUGHEED: Mr. Speaker, in answer to the hon. member's question, without a question of doubt the key factor is the area of natural gas marketing. That's why Appendix III, attached to the April 13 Alberta oil and gas activity plan, is a suggested strategy with regard to marketing of natural gas. There's no magical answer to the problems raised by the hon. member in his question, other than the fact of improving markets. If we improve markets, and we sell significantly more to the United States, revenues will flow to this government and also to those companies that had been involved and took the business risk to be involved in activity in the oil and gas area, discovered gas, and are in the position of working with us co-operatively to improve natural gas markets.

#### **Oil Sands Development** (continued)

MR. SINDLINGER: Mr. Speaker, I wonder if the minister or the Premier might indicate at what time and in what way the members of the consortium will advise the government what they have done in their deliberations over this proposal.

MR. LOUGHEED: Mr. Speaker, my understanding is that the consortium would be making an announcement in Calgary tomorrow at approximately 1 o'clock.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the hon. Premier with regard to this proposal as such. Is this the final negotiating position: the consortium will either accept this proposal or that's the end of the negotiations? Is that the position we're at today, or is there as yet some flexibility in this proposal?

MR. LOUGHEED: Mr. Speaker, there's no contemplation that there would be alteration in it. But obviously in matters of this magnitude, if there's some unexpected counter offer, that has to be considered and not ignored. But it is certainly not anticipated.

MR. NOTLEY: Mr. Speaker, a supplementary question. I take it that the statement deals with the federal government as well. Is a statement being made today on this matter in the House of Commons too, and that in fact what we have is a joint offer from both levels of government?

MR. LEITCH: Again, Mr. Speaker, I missed the first words of the hon. member's question.

MR. NOTLEY: Is a statement being made in the House of Commons by the provincial minister's counterpart, with respect to the federal aspect of this proposal?

MR. LEITCH: I believe so, Mr. Speaker.

DR. BUCK: Mr. Speaker, may I have permission to revert to introduction of guests?

HON. MEMBERS: Agreed.

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

DR. BUCK: I hope they're still here. Mr. Speaker, I have the pleasure to introduce to you and to members of the Assembly, 11 grade 12 social studies class students from Our Lady of the Angels high school in Fort Saskatchewan. They are accompanied by their teacher Mr. Ken Leason. If they're here, I would like them to rise and receive the welcome of the Assembly.

#### **ORDERS OF THE DAY**

MR. HORSMAN: Mr. Speaker, I move that questions 127 and 128, and motions for returns 120, 121, 131, 132, and 133, stand and retain their places on the Order Paper.

[Motion carried]

#### **head: MOTIONS OTHER THAN GOVERNMENT MOTIONS**

213. Moved by Mr. Kesler:

Be it resolved that the Legislative Assembly urge the government to introduce legislation to amend the Alberta Bill of Rights in Section 1(a), by striking out "enjoyment of property" and substituting "ownership of property".

MR. KESLER: Mr. Speaker, I'd like to rise at this time and present Motion 213. As the rights of property ownership have created some controversy and many debates in recent months, I feel that the motion presented deserves great consideration by the members of the government and all members of the Legislature.

This motion essentially provides for a stronger statement of the guarantee of property rights in the Alberta Bill of Rights, which reads:

... the right of an individual to liberty, security of the person, and enjoyment of property ...

If passed, the motion would emphasize that the right being protected in the Alberta Bill of Rights is the right to own property and not simply the right to enjoy property.

I think that at some time or other, all of us have gone on a holiday and rented a room or a cabin. Certainly it was property, and we were able to enjoy that property while we were there at the lake, doing whatever. I'm sure everyone here has had to rent a vehicle at one time or another. In the course of renting that vehicle, we certainly enjoyed it. But although we enjoyed that property, we didn't own it, and we were certainly not at liberty to do some of the things that perhaps we would have liked to

do. It didn't belong to us. But as we own things, they become more significant and important, and have greater value to us.

There is a subtle but crucial difference between these two phrases. One gives the individual the right to enjoy property, while the other gives the individual the right to own property and, as a direct consequence, to use and enjoy that property as he sees fit, as long as it doesn't interfere with the rest of society.

The right to own property is clearly a much stronger statement of the guarantee of a fundamental and inalienable right in a society that claims to be democratic. That the individual should have the right to the ownership of property is a principle that should be enshrined in the Alberta Bill of Rights. Thus Albertans will know clearly that their provincial government is prepared to give them the best possible guarantee of the right to own that property. In clarification, when I talk of property, I'm not just speaking of land, I'm talking about all personal and real property, whatever it is.

I have two reasons for introducing this motion at this time. The first is obvious: I want Albertans to have the best possible guarantee to property rights in their Bill of Rights within the province. In dealing with constitutional matters, it's been said many times that property rights are a provincial matter. If that's the case, as has been expounded in this Assembly many times, let's do the best we as a province can to guarantee those rights to individuals within this province. In supporting this motion, the Legislature would be making a powerful symbolic statement in support of the strength of conviction Albertans have in their right to own their own property.

[Mr. Purdy in the Chair]

Secondly, the government's reception of this motion will provide a gauge by which Albertans may judge the level of commitment of this Lougheed government to the protection of their rights. If this government is truly committed to the ideal that property rights are an inalienable right of the individual, it will have no compulsion about including the right to own property in the Alberta Bill of Rights.

The argument is often made that property is a common law — it's been made in this Assembly many times — or a conventional law, not written. But each time we pass new legislation, we take away more and more rights of individuals. We see an example here. It's a federal Bill, but it's a good example: Bill C-85, the federal government with Canagrex. In it we find some very loose terminology in relation to property rights. In consultation with others, dealing with the sections concerning real and personal property, they've certainly expressed concern that it's a Bill that will give the federal government the position it has with the national energy program. If not through expropriation, certainly through taxation methods, they can confiscate property we as individuals own. They can purchase, lease, or otherwise acquire and hold real and personal property for actual use by Canagrex. Certainly, "otherwise acquire" is a catchall statement for protection.

I think we have to be concerned that people and conditions change. As they do, different interpretations can be put on those phrases and words. As members serving the people, we have to be aware of those things happening in our society, and be prepared to give society the greatest amount of protection we can. Another good example is the one dealing with the constitution, whether it would be dealt with through the provinces or whether it

would be a unilateral decision. I found it interesting, Mr. Speaker, that as there seemed to be no agreement or accord, the Prime Minister of this country said, well, as long as it's legal, conventional law is insignificant.

Again, we have to remember that as the laws change, we lose more and more of our common law freedoms in Canada. Many, many times this government has said in debate in this House that it does have a true concern for property rights, which is reflected in its Bill of Rights, and that we do not need this guarantee in the federal Constitution Act, because it is looked after by the provincial government. Well, let the government stand behind their words to the man on the back 40 ...

AN HON. MEMBER: It already does.

MR. KESLER: ... and give Albertans the right to own property in the provincial Bill of Rights.

In this way the people of Alberta will be able to tell exactly how far Mr. Lougheed's government is prepared to go in protecting their rights to own property, a duty given to the provincial government in Section 92.13 of the BNA Act. Mr. Speaker, note that I said "duty" to protect. It is this government's duty to protect. The provincial governments are given jurisdiction over property [rights] only in order to protect them. The provincial government is not given property rights. It is given the duty to protect property rights, another subtle but crucial difference. This is often forgotten by this government, which spends too much time meddling in the affairs of its citizens and far too little time protecting the rights and freedoms of its citizens. Mr. Speaker, I refer to the Beaver county situation, where significant measures had to be taken to guarantee that that hazardous waste plant not be put into the county. That remains to be seen.

Mr. Speaker, any true democratic government should be committed to the principle that its citizens have the right to life, security of person, and ownership of property. Above all, it should be dedicated to the preservation of those rights. Mr. Speaker, that's what the role of government is about.

As the constitution of this province and country presently stands, governments have a superior claim on property. An individual's right to the ownership of property today seems to exist at the whim of governments. They can snatch it away easily, and indeed do snatch it away. They can take it through expropriation and land purchases, where owners are not justly compensated and, in many cases, through misrepresentation [by] government officials. This should be reversed. Property rights are inherent in individuals, not in governments.

Mr. Speaker, we must recognize the principle that every man has a property in his own person. Nobody has any right to take this but himself. We may say that:

The labour of his body and the work of his hands ... are properly his. Whatsoever then he removes out of the state that nature hath provided and left in it, he hath mixed his labour with, and joined to it something that is his own, and thereby makes it his [own] property.

This is one of the best philosophical descriptions of the basis for the individual's right to own property. It would do this government well to look at some of John Locke's writings to find out what its role is. Any control a government exercises over property is given by the people to the government for the common good of society. This control should be exercised sparingly, judiciously, rarely, and with great forethought.

This government, as well as the federal government, infringes on our property rights far too often, and it continues to happen every day. In passing this motion, the Legislature will indicate to both the federal and provincial governments, the strength of commitment to the rights of people of this province to own property. Therefore I urge hon. members to seriously consider passing this motion, whatever their political stripe.

Thank you, Mr. Speaker.

MR. ISLEY: Mr. Speaker, the problem with the separatist Member for Olds-Didsbury is that he doesn't listen. He doesn't . . .

MR. KESLER: On a point of order, Mr. Speaker. The hon. socialist in the back, back 40 should refer to this position either as the Member for Olds-Didsbury or from Western Canada Concept. [interjections]

MR. ISLEY: Mr. Speaker, do you wish me to speak on the point of order or continue on the motion?

AN HON. MEMBER: What's the point of order? There isn't one.

MR. ACTING DEPUTY SPEAKER: I would ask the hon. member to continue on the motion.

MR. ISLEY: Thank you, sir.

As I started to say, Mr. Speaker, the problem with the separatist Member for Olds-Didsbury is that he doesn't listen; if he does listen, he doesn't hear; if he does hear, he doesn't understand.

AN HON. MEMBER: All of the above.

MR. ISLEY: I suggest that he has a secondary problem; that is, he either has difficulty reading, or difficulty reading and comprehending what he reads. I'm reminded of young teen-age boys I used to work with in my teaching days who had similar problems, and we had special listening and reading programs. If my hon. separatist friend wishes, I would offer my services in the evenings, to make him aware of those courses.

When I think of the difficulty of teaching these people, I'm also reminded of a story I once heard about a young lady teacher, back in the days of the one-room schools in this province, who went to a rural community with a grades 1 to 9 class, and had some larger boys in the class who were giving her discipline problems. She finally went to talk to the board chairman about them, the board chairman being one of the local farmers. The board chairman sympathized with her and finally said, I understand the problem; I farm with mules, and they're rather stubborn animals, rather hard to train. He said, you have to use the same techniques in handling those boys as I do in handling my mules. The teacher said, what's that? He said, just treat them with love and understanding.

So the teacher went back to school and tried to follow this advice. That Saturday she happened to take a walk along a country road past the farm, and saw the board chairman. He had his mule tied to a tree, and was giving it one hell of a working over with a two-by-four. She ran up, grabbed his arm, and said, what are you doing, sir? He said, I'm training my mule; what's the problem? She said, you told me to use the same treatment on my students that you used on your mules: treat them with love and understanding. Aha, he said, but first of all you

have to get their attention.

I was hoping that with that I would have the attention of the hon. Member for Olds-Didsbury, and I could ask him to pick up his pencil and make a few notes so that he could do some reading. I see he has disappeared, so I can't ask him to pick up his pencil. But if he checks *Hansard*, I hope he would refer to the Tuesday, April 6, 1982, *Hansard*, starting at the bottom of page 550, a speech dealing with property rights by the hon. Mr. Johnston, Minister of Federal and Intergovernmental Affairs.

Let me look at the question of property rights.

There's absolutely no question that property rights are clearly protected for the people of Alberta . . .

The hon. member made a fair bit of noise about it being protected for the province. The statement here is "for the people of Alberta". Also

for the province of Alberta, within the current constitution — absolutely no doubt at all.

Then the hon. minister went into tracing the history of the various documents and Acts that make up our total constitutional package, and reviewed for all hon. members of the House the Constitutional Act of 1791, the Quebec Act of 1774, and the BNA Act of 1867. He goes on to say:

We have that legislation. The legislation is clear. The antecedents are there, going back to 1791, the Constitutional Act, the 1840 Act of Union and, of course, our own BNA Act . . .

Then the hon. minister goes on to discuss common law and the impact that has on property ownership rights.

For further reading, I recommend to my separatist friend from Olds-Didsbury page 647 of the Monday, April 19, 1982, *Hansard*, a speech given by the hon. Mr. Horsman, Minister of Advanced Education and Manpower. Starting about the middle of the second column, he says:

Now I'd like to deal with the second point. The Leader of the Opposition raised it this afternoon. He told us that people are concerned about the issue of property rights.

He then went forward very concisely to lay on the record how property rights were protected. I don't think it's important that I reread that into the record. I draw the hon. member's attention to the date of the *Hansard*. The hon. minister started dealing with common law, led up eventually, historically, to the BNA Act of 1867, and pointed out the implications of, I believe, Section 92, which transfers to the province all authority over property and civil rights.

Once we accept that property rights are a provincial jurisdiction, we have to turn to what the province has done. I draw the attention of the hon. member opposite to the Land Titles Act of Alberta, which should cover some of the concerns on the ownership issue that he tries to misrepresent to the public.

I'd like to move to the Alberta Bill of Rights and the proposed amendment. But first of all, I would like to read into the record Section 1(a) of the Alberta Bill of Rights, passed in 1971 in this province:

It is hereby recognized and declared that in Alberta there exist without discrimination by reasons of race, national origin, colour, religion or sex, the following human rights and fundamental freedoms, namely:

(a) the right of the individual to liberty, security of the person and enjoyment of property . . .

That's where the hon. Member for Olds-Didsbury

stopped reading into the record. That is not the end of Section 1(a). It goes on to say:

and the right not to be deprived thereof except by due process of law . . .

It's ray understanding that the due process of law is a very, very significant expression in Section 1(a). A review of *Black's Law Dictionary* reveals the following definitions, and I'm now looking at the words "enjoyment", as it exists in the current Act, versus "ownership", which the separatist Member for Olds-Didsbury suggests should be put in place of "enjoyment":

ENJOYMENT. The exercise of a right; the possession and fruition of a right, privilege . . .

Comfort, consolation, contentment, ease, happiness, pleasure and satisfaction.

OWNERSHIP . . . The right of one or more persons to possess and use a thing to the exclusion of others.

The right by which a thing belongs to some one in particular, to the exclusion of all other persons. The exclusive right of possession, enjoyment, and disposal; involving as an essential attribute the right to control, handle, and dispose . . .

Mr. Speaker, the best advice I can get is that the word "enjoyment" has a much wider and broader meaning than the word "ownership"; enjoyment covers ownership as well. I think some of the problems we would experience, if we follow the hon. member's proposal, would be to pull away from individuals certain rights that currently exist. I am informed that any statute which limits protection of property interests only to owners, would mean that people with a legitimate interest in the property would often have no recourse to the courts.

For example, a person running a home has an interest in the land, although he may not be considered an owner. Under the present Bill of Rights, he would be protected from unlawful search and seizure, because he has a right to enjoyment of the property, not ownership. If amendments were made to restrict protection of property to those who own property, it is possible that a person renting a home would not receive the same benefits of the law. I think "enjoyment of property" applies to many of our leaseholders; ownership does not.

If we don't recognize rights of a leaseholder, I suggest that the oil and gas industry in this province would collapse. Virtually all their activity is carried on on leased land, and with "enjoyment of property" in the Act, they have protection; with "ownership of property", they obviously would not. I'm very surprised that the hon. Member for Olds-Didsbury who, I understand, before coming to this House earned his living in certain activities for the oil industry, would lobby for a change in legislation that would weaken the rights of that industry. I'm a little surprised that the hon. Member for Olds-Didsbury would lobby for legislation that would weaken the rights of the farmer or rancher who holds public land under grazing leases. I'm a little surprised that the hon. Member for Olds-Didsbury would be lobbying for legislation that would weaken the rights of recreational landholders.

Our Department of Recreation and Parks and our Department of Public Lands and Wildlife are involved in miscellaneous recreational leases, I believe is the term, with various individuals across this province, along lake-shores and in other areas where people are using land for recreational purposes. If we follow the changes proposed by the separatist from Olds-Didsbury, those rights would disappear. Somewhere in his comments he suggested that he was giving us an alternative so we could make a stronger statement on property rights. Mr. Speaker, I

submit that he was giving us a statement that would give us a weaker commitment to property rights.

I'm also surprised that, if the hon. Member for Olds-Didsbury is so concerned with property rights, he wasn't in the House on Monday. During the whole afternoon and evening, we carried on a lengthy debate on the report of the select committee to review surface rights. If that report has a theme, for anyone who reads it, I think it's dedicated to strengthening property rights of the surface holder and to give him better protection under due process of law.

Mr. Speaker, I'm also disappointed that he didn't stay to hear the answers to his proposal today. It's very hard to teach someone who is absent. Sooner or later our gentleman who likes to misrepresent and drop off some half-truths here and there is going to have to research his facts . . .

MR. ACTING DEPUTY SPEAKER: Order please. I would ask the hon. member to withdraw the remarks "misrepresent" and "half-truths", because they are unparliamentary.

MR. ISLEY: I'm sorry, Mr. Speaker. Agreed.

I hope the hon. member will spend more time in the House, or do more research, so that some of the questionable statements being made around this province by the wreck Canada concept party could be straightened out, and we eliminate some of the confusion in Albertans' minds.

Thank you.

MR. R. SPEAKER: Mr. Speaker, I'd like to make a few remarks on this resolution. Basically, it asks that we spell out the definition of property in the Bill of Rights, and assure Albertans that not only can they enjoy property, but they can have the right to ownership of property. That's the question we're addressing. In my discussion, I would like to differ from the previous speaker in the definition of "enjoyment" and "ownership". I am not an authority on the matter, but I would like to refer to *Black's Law Dictionary*, 5th edition, which goes into significant description and talks about the differences between enjoyment of property and ownership. I'd like to talk about that, Mr. Speaker.

As we recognize, the government side of the House says there is no problem at the present time, and people's right to property in Alberta is well safeguarded. But we must recognize that if we want to safeguard it totally, we should have a total definition. I'd like to compliment the hon. Member for Olds-Didsbury for raising this matter, because in our earlier discussion of the matter of property rights in the Alberta Bill of Rights, I know that we didn't have an intensive discussion of whether property rights were fully protected. This is the first time we've had open debate in this Legislature with regard to the matter.

First of all, I'd like to look at the definition of "enjoyment", and what it means in its broad legal sense. *Black's Law Dictionary*, 5th edition, says:

The exercise of a right; the possession and fruition of a right, privilege or incorporeal hereditament.

At the same time, they say that in its definition, ownership encompasses much more. It is a:

Collection of rights to use and [as well] enjoy property, including right to transmit it to others . . .

The right by which a thing belongs to some one in particular, to the exclusion of all other persons. The exclusive right of possession, enjoyment, and dispos-

al; involving as an essential attribute the right to control, handle, and dispose . . .

Mr. Speaker, that's a more inclusive definition in terms of use and rights to property. Based on that, I think the word "ownership" would certainly have been a more appropriate word to use in the Alberta Bill of Rights.

Mr. Speaker, as we look at these definitions, I think we have to put into perspective what the people of Alberta say. This government's not really in tune with, nor always understands, what Albertans are saying. The neurosis or concern with regard to property rights is certainly raised when we think in terms of the Prime Minister of this country. But in turn, when we examine the role and attitude of the Conservative government, the Lougheed government, again we can become concerned.

As was pointed out very well by the Minister of Federal and Intergovernmental Affairs, the present Canada Act says that we in the province of Alberta have responsibility over property and civil rights, and are to administer those responsibilities. To do that, it is our responsibility to assure Albertans that property rights remain what we would call inalienable, and that we want Albertans to have the full protection of the statute. That's why, at this point in time, we should reconsider the use of the words presently in the Alberta Bill of Rights. Because, in the words of the Minister of Federal and Intergovernmental Affairs, that responsibility was transmitted to us through the Act and through the clause which was pointed out earlier to us in this session. It is very timely that we review the matter of property rights in terms of the Alberta Bill of Rights.

Now, what about the matter of Albertans, and how they feel about this, and our responsibility as legislators. We can't ignore this question. I think we have to look at that in terms of perception. Whether they live in cities or in the country, Albertans across this province look at the question of property rights as a concern. They perceive that provincial, and certainly federal, legislation does not spell out and clearly protect our property rights. They would like something done about it. As legislators, it's our responsibility to listen and respond to that kind of request. Whether we are right or wrong, it is our responsibility and duty to respond. We can do that here in this Legislature.

Hopefully, through the Canada Act and in discussions that may follow in the coming year, the question of property rights can be clearly spelled out. If property rights are the responsibility of the provinces, it's clearly spelled out and not left in the section of the Act which says that historic rights which belong to the provinces and the federal government are protected. We could spell it out in the Act. I understand that in the negotiations the Leader of the Opposition, Mr. Clark, wanted it spelled out in the Act. The present Prime Minister was open to it, but some provinces were not in agreement. That's why it's not there, as such, at the present time.

Mr. Speaker, the point I want to make is that it is our duty as legislators to listen to the people and assure them that whatever is in the Act, or in the charter of the Canada Act, is what they want, and that it fulfils their purpose by guaranteeing their property rights in the province of Alberta, and for them as Canadian citizens.

We often say, is that type of thing done in other jurisdictions? Sometimes you have to be careful when you look at other jurisdictions. For example, in the socialist system in China and Russia, the rights of property, although limited and not too impressive in terms of their charter of rights for individuals — I can't agree with what

they place in their documents with regard to property — both talk about real property and say that, except on a limited basis, real property can't be owned by individuals. They talk about guaranteed rights of personal property for individuals. I don't agree with what is written in either of their constitutions, and hopefully that kind of format is not the guideline for us in Canada. But it's there. What is meant by real property rights and personal property rights is spelled out as clear as can be.

MR. KESLER: They wouldn't even have you in China.

MR. R. SPEAKER: There's no reason why we in Canada can't look at those types of amendments and adjustments, not only to the Alberta Bill of Rights but to the Canada Act as well.

MR. COOK: He's running for leader, Gordon. Look out.

MR. R. SPEAKER: We look at the American Constitution, for example. The matter of real and personal property is spelled out in there. Certainly a number of court cases have occurred in the United States with regard to the definition and the section of the Act. But at the same time, people who live in the United States feel that that part of their Constitution protects their personal property as well as their real property. I think that's what people in Alberta and Canada expect of us. In other words, there are precedents where these things are done. There isn't any reason why we as legislators, or people, cannot clearly define what we mean by real property rights, by ownership of property, and what is left out by the definition in the Act at the present time, where we say we can enjoy property, which I feel is a limited definition and not all-inclusive. So it can be done.

Mr. Speaker, on that basis I think that the resolution presented to us certainly has merit. We should consider it, and it would be of benefit to Albertans in easing their minds and letting them know that the property they own in the province of Alberta, which is theirs to use and enjoy, will be theirs, and their children's, to use and enjoy in the future. I think that isn't a difficult responsibility for us to take as legislators.

MR. HYLAND: Mr. Speaker, it's a pleasure today to rise to take part in debate on Motion 213, brought forward by the Member for Olds-Didsbury. I'm glad to see that in putting this motion on the Order Paper, and during his speech, he has come to the realization that property rights are part of the provincial jurisdiction. That has been said many times in this Legislature, but at least until this time he has disagreed.

Property rights are something very dear to the people of Alberta, and to the people in the constituency I represent. Maybe it's because many years ago, many of my constituents came from other areas of the world where there were problems with property, or lack of property rights. So they came to settle in western Canada and Alberta; in some cases, cut their property out of the wilderness, improved it, looked after it, and handed it on to future generations. I think that's why property rights are so important to people.

During his remarks, the hon. Member for Little Bow suggested that certain members of the Assembly might not necessarily be paying attention to the concern people out there have with property rights. But in many instances, that concern started with publications, speeches, and letters that are not totally true. There's a lot of

misinformation, and thus people get to think about their property rights. When people ask me about this, my experience is that when you sit down and talk to them, and explain how property rights are protected in the Constitution and in the British North America Act under the rights of the province, and that property rights are now protected more fully than previously, people understand the situation and feel far better about it.

We spent last Monday talking about a form of property rights in this Legislature. I noticed that the hon. Member for Olds-Didsbury was here during at least part of that debate, yet didn't take the time to express the feelings people in his constituency have on their property rights as affected by surface rights. I met with some individuals and groups on surface rights and, because they had some concerns with what was going on now in exploration, brought those feelings and their suggestions to this Assembly. They wanted me to express to the Assembly their feelings relating to that, and to the findings of the select committee. I wish the Member for Olds-Didsbury, who was so interested in property rights, had spoken at that time, so we could have had the benefit of his knowledge on the subject. With his background, I'm sure he would have had some benefit to offer us. But, at least at this time, we are deprived of that.

Mr. Speaker, we've heard various explanations of the words "ownership" and "enjoyment". I suggest that ownership would severely narrow the present situation in the Alberta Bill of Rights. I believe that the word "enjoyment" in that phrase is lifted almost verbatim from the Diefenbaker Bill of Rights we've heard many members of this Assembly speak about. It gives us a greater variety of activities that can be carried out under those words. Mr. Speaker, my interpretation of changing "enjoyment" to "ownership" would bring the cattle business in my constituency to a virtual standstill. Could you then use somebody else's land? The phrase would say "ownership"; you would have to own it. You're out of business.

There's a great deal of Crown grazing land in my constituency. Some is operated by ranchers; some exists as community pastures. What about all the people with community pastures. Are they out? They're out of business. What about the oil industry? They lease land; they don't own all the land they work on. The oil industry could well be out of business, because they are subject to ownership. So it would put a very, very severe cramp on the economy of Alberta. It would probably be more than a cramp; it would probably bring it to a standstill, and put our economy back many years.

Mr. Speaker, I would like to finish by saying again that I suggest that by this motion, changing the wording in the Bill of Rights to "ownership", would very severely narrow the wording the courts would take on this subject. I'm sure it would be something we would soon regret, and would change back to the way it now is. To date, the courts have taken a wide view of what is included in the term referring to the enjoyment of property. I'm sure there would be many more problems in defining the word "ownership". In a province with over half the land being public land, and people not being able to do anything with land they don't own, we could find our economy at a virtual standstill.

We heard the Member for Bonnyville give his understanding of it. If it were ownership, what protection would a renter of a house or apartment have? Because he did not have the protection of the enjoyment of property, would he be subject to an illegal search of his buildings? He wouldn't own it, so wouldn't have the protection of

the enjoyment of property. We'd be cutting out many of our citizens.

Mr. Speaker, I'd like to finish with a quotation from the gentleman quoted by the Member for Olds-Didsbury:

He that has but ever so little examined the citations of writers cannot doubt how little credit the quotations deserve, where the originals are wanting; and, consequently, how much less quotations of quotations can be relied on.

Thank you, Mr. Speaker.

MR. BRADLEY: Mr. Speaker, I appreciate the opportunity this afternoon to speak in this debate. I am particularly glad that the separatist Member for Olds-Didsbury has brought this motion before the Assembly, because it points out that he has finally discovered the Alberta Bill of Rights, and that is a tremendous thing for the separatist Member for Olds-Didsbury to have discovered. [interjection] Our good friend, the pseudo-separatist . . .

MR. KESLER: But no longer socialist.

MR. BRADLEY: . . . Member for Little Bow, has also discovered the Alberta Bill of Rights. I think it's very important that they have finally discovered this Bill of Rights, because it was the first Bill of the present government when it assumed office. It's a primacy piece of legislation, overriding all other pieces of legislation in terms of this province.

Other members have read from the Alberta Bill of Rights. The subject of debate today is with regard to Section 1 of the Bill of Rights. If I could just quote it again:

It is hereby recognized and declared that in Alberta there exist without discrimination by reason of race, national origin, colour, religion or sex, the following human rights and fundamental freedoms, namely:

(a) the right of the individual to liberty, security of the person and enjoyment of property, and the right not to be deprived thereof except by due process of law . . .

It's a very important clause. The hon. member would like to take out the word "enjoyment" and substitute the word "ownership".

I believe the word "enjoyment" has a much broader definition than "ownership", and in fact includes ownership. I'd like to quote from the *Legal Thesaurus*, by William C. Burton, if I may. In terms of the definition of "enjoyment" and how it is interpreted legally, "enjoyment" includes:

avail, disposal, employment, habitation, occupancy, occupation, ownership, possession, prerogative, proprietorship, retention, seisin, tenancy, tenure, usage, utilization.

A very, very broad definition, and it includes ownership.

When we talk about the constitution of Canada, I think some members of this Assembly have forgotten the history and tradition of this country. I'd like to quote from the Almanac of Canada. It outlines the BNA Act, and includes part of the preamble to the British North America Act:

The British North America Act of 1867 (as amended) provides the central framework for the Canadian constitution, but there are other important elements of the constitution. First, there are elements of our constitution which we have inherited. The preamble of the B.N.A. Act states the desire of the four origi-

nal provinces "to be federally united in One Dominion under the Crown of the United Kingdom of Great Britain and Ireland, with a Constitution similar in Principle to that of the United Kingdom ..."

Such great constitutional instruments as the Magna Carta — which I have brought a copy of to show to the separatist Member for Olds-Didsbury — from which all our basic rights and freedoms flow, is included as part of the Canadian constitution, the British North America Act. It's very important that we remember that.

So we've inherited ...

MR. ACTING DEPUTY SPEAKER: I hesitate to interrupt the hon. Member for Pincher Creek-Crowsnest, but the time is now completed for this particular debate.

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

**Bill 224**

**Home Energy Conservation Act**

MR. COOK: Mr. Speaker, I'd like to introduce Bill 224 for second reading. It promotes home energy conservation in the province. This Bill has been before the House a couple of times.

We're making progress, not by way of government action on our part but by activity in other parts of the country and North America, providing the leadership I hope this province and government would eventually take. I'd like to provide for all members a copy of a brochure. Maybe these could be distributed to members who are present.

Mr. Speaker, last year when I talked about the home energy conservation program, I noted that there was soon to be new furnace technology introduced that would mean that energy consumption would be reduced in the average household by about 35 per cent. Members will shortly be receiving a brochure that describes the technology that is available.

I'd like to start the debate by discussing the concept of subsidies versus conservation. I find it ironic to be arguing against subsidies and to have the Conservatives in the caucus arguing in favor of subsidies. It's an interesting role I'm in. I'd like to argue against the natural gas price protection plan as being politically unwise in the long run. It discourages people from using market discipline as the guide to their actions in the economy. The natural gas price protection plan provides a subsidy of around 30 per cent on the cost of heating the average Alberta home. By doing that, we encourage Albertans to be inefficient in their use of energy, because we shield them from reality.

Mr. Speaker, there are two ways to help Albertans pay for increased costs in energy. We can shield them from reality, as we are doing now, which is not very conservative, or we can encourage them to become efficient, which is conservative. In Bill 224, I'm arguing for efficiency. For example, simply by replacing the furnace in the average Alberta home, in one fell swoop we can provide the same amount of protection to the average home-owner, by reducing his costs by 35 per cent, as our natural gas price protection plan does. And we do that permanently, not just once. The natural gas price protection plan is a continuing drain on the Alberta Treasury. It costs us \$150 million to \$200 million every year. It will cost us that in

this fiscal year. It will cost us that in the next fiscal year. And it will cost us even more in future fiscal years. But with the installation of energy conservation technology in the home, we permanently cut the cost of home heating.

Over the last year, I think most members have spoken to constituents who are very upset with the cost of home heating in this province — any province; it's not a phenomenon unique to Alberta. This was a particularly cold and long winter. I'm told it was about 10 per cent colder this year than the average for the climatic conditions we're under. In the years before that, they were about 10 per cent warmer than we should expect. So the fact that on average we were 10 per cent colder this year, and it was 10 per cent warmer last year, meant that we had about a 20 per cent jump in heating costs because of climatic conditions. When you roll in the increased costs of energy with the Alberta/Ottawa agreement, you compound that even more. So home-owners in Alberta are telling us that they've just received a huge heating bill, and they're concerned.

Mr. Speaker, a short-term, political expedient, approach might simply be to yank up the level of subsidies. It solves the political problem right now. But it doesn't really solve the political problem, because it's like a drug: it addicts the Alberta consumer to a system, a pattern of activity. It is hard to get off it. It's like being addicted to nicotine, like my friend from Barrhead — several packs a day. It's hard to get off it.

MR. KOWALSKI: On a point of order, Mr. Speaker. I'd like to clarify to the hon. Member for Edmonton Glegg that his last statement is completely erroneous. I'd ask him to retract it.

MR. COOK: Perhaps he's not addicted to nicotine with two packs a day; perhaps it's something else. I certainly wouldn't want to suggest he's a two-pack-a-day man.

But, Mr. Speaker, my point is that it's like a drug. A subsidy is like a drug, and it's hard to withdraw from that system. We can do either of two things. We can try to introduce efficiencies into the system, or we can try to provide subsidies. I would argue that we've already interfered with the market discipline we would normally expect people to be governed by in their economic decision-making. We provided them with a 30 per cent subsidy. If we're encouraging waste on one hand, maybe it would make sense on the other hand to provide some corresponding or balancing incentives, so that Albertans try to get off the subsidy drug.

That's what Bill 224 does, Mr. Speaker. It provides, in a fairly comprehensive way ... If members have their Bills in front of them, let's go through just what this Bill would accomplish. Bill 224 would provide for a system of grants and loans for home-owners who want to go through their home and make it energy efficient. There are a variety of ways we could do that. They're specified in Section 1 of the Bill. It suggests that we could provide for insulation, a vapor barrier, which is basically a plastic sheet in the wall. On a windy day like today, it prevents cold air from going through the outside wall and into the mainstream of the house, and pushing the warm air out through the other side. Most of us don't realize that the air turnover in the average home in Alberta is probably in the order of eight or 10 times a day. It means that you're taking that warm air you've heated and paid for, and letting it blow right out of the house eight times a day — the complete cycle it goes through — and you've paid for all that warm air. With the vapor barrier, we install a

plastic sheet in the outside wall. It prevents the wind from pushing out that warm air you've heated, at your expense.

We provide for weather-stripping, so again there isn't as much cold air penetration around the windows. We can provide for improved windows, so there isn't as much heat exchange through the glass; improved doors, same feature; caulking around doors and windows, again trying to block those cracks.

The hon. Minister of Labour and I have talked a number of times about the need for ventilation when a person installs a vapor barrier. That's provided for in this Bill as well. Heat exchangers are a necessity if you make a very tight house, to try to get away from the cigarette fumes from people, like the hon. Member for Barrhead, who create an unhealthy environment inside a building.

Mr. Speaker, if we've done all that insulation and weather-stripping, it might be necessary to provide some framing and drywall to cover that insulation. That's provided for in this Bill as well. Heating systems are specified in Section 1, like this new heater that has just come on the market in the last month or two; shutters and other forms of window insulation, if we're trying to cut down on the heat exchange in windows; devices or structures to improve reception of the sun. On a sunny day in winter, cats sit right in the sun. There is a lot of heat there. They know what we should be doing; that is, trying to improve the amount of sunlight that comes in on the south side in winter, and absorb that natural form of heat that we don't have to pay for. That's all provided for in Section 1 of this Bill. Heaters are provided for in this Bill.

If you're an average layman, how would you go about deciding what's cost efficient? You've got a variety of things you can do to make your home efficient. Basically, how are you going to know how to get the biggest bang for the buck? That's a good question. Mr. Speaker, the Pacific Light and Power Company in Oregon has worked on this problem. They've created a position called a home energy auditor, a person who has experience looking at a home and identifying the shortfalls or inefficiencies in that building. He goes through, does a quick audit of the building, and says to the home-owner: if you put your money here, here, and here, I think you'll get the best pay-off. That's provided for in this Bill. It works well in the States for that reason and one other.

If members are familiar with CHIP, a program with the federal government, it is very inefficient. It's a very expensive and wasteful program. The program simply provides for a \$500 cash grant to home-owners, \$350 of which may be spent on materials and \$150 of which may be spent on labor. What we have happening, especially in the summer, is college kids getting themselves a whole bunch of cellulose insulation and a truck, and they go racing down the street, knocking on doors, saying: for \$500 under CHIP, I can insulate your attic. It's cheap, fast, and simple. They just throw a bunch of cellulose or fiberglass insulation into your attic. When the job's done they collect their money, and they're down the street to the next one. But that might not be the best use of the \$500. Weather-stripping is much cheaper and, in many houses, is much more efficient. Putting on some storm windows might be much cheaper and better. That's why an auditor can go through and get the biggest bang for the buck — as Harry Truman used to talk about for nuclear reactions, the bomb. That's provided for in this Bill.

We're following on the experience of the United States, which is years ahead of us in trying to promote energy

conservation. This country is falling behind. This province, sad to say, probably has one of the worst records of energy conservation of any jurisdiction in the country. We do not live in reality, but are trying to shelter ourselves from it. We're trying to let Albertans continue a way of life, like the dinosaur, that really has passed us by. Energy costs have gone way up, and we're trying to shelter ourselves from it and protect ourselves from reality.

Mr. Speaker, the basic thrust of this Bill is to try to restore some of the market discipline that the government has lost because of a subsidy program; a wasteful, expensive program that, in a sense, has drugged Albertans into not facing reality. I think we're going to have to make a choice, be it a couple of years from now, when that natural gas price protection plan costs us \$200 million, or maybe we'll wait until prices go up and we're still providing a subsidy. Then we'll be paying \$250 million or \$300 million a year in subsidies. But there will come a time when the provincial Treasury cannot afford that, because we'll have other things we'd like to be doing. If we simply screw up the courage to make the break, take that \$200 million subsidy money and put it into home energy conservation, we would permanently improve the way of life of Albertans and permanently cut their heating costs.

In a research package I provided for members who are going to speak on the Bill, and in years past, we had an estimate of what that program would cost. It would be paid off in about five or six years of that subsidy money. It would cost us a little less than \$1 billion. That sounds like a lot of money, and it is. But the subsidy is much more expensive. The point I'm trying to make is this: if we cut Albertans' fuel bills by a third because we cut by a third the volume of gas they're using to heat their homes, then the natural gas price protection plan subsidy is cut by a third; it follows from that. For example, if you cut one-third of a \$250 million subsidy program, each year we save ourselves \$80 million expenditure by the Provincial Treasurer.

Mr. Speaker, just in paying off the subsidies, this program would pay for itself in a very few years. In about 10 years, we would recover the cost of the program embodied in Bill 224 simply in the subsidies we wouldn't have to pay out. We could still have the natural gas price protection plan. But by subsidizing only two-thirds of the gas that would still be used and not having to subsidize the one-third of the gas which is now not being used to heat the home but is being used for export to other markets, the program would pay for itself in about 10 years. That's a pretty good investment.

So, Mr. Speaker, again I go to the point that I find it odd to be in caucus arguing against subsidies, and being the real conservative and asking for support. I ask for support for Bill 224, which is an exercise in becoming conservative and facing economic reality.

MR. ACTING DEPUTY SPEAKER: Before we continue with the debate on this particular Bill, the Chair has some problems with the tabling of the document by the hon. Member for Edmonton Glengarry. The document is of a nature that should not be tabled in the Assembly, and *Beauchesne* does not allow it. There is a citation in *Beauchesne* where that is not allowed. I ask the hon. member to withdraw it, for the tabling of the records at least. Any further tablings of that nature should be done through the respective caucuses.

MR. COOK: Mr. Speaker, I hadn't tabled the item. I distributed it to the members for information, but it wasn't tabled formally. It was just passed out.

MR. ACTING DEPUTY SPEAKER: Any time any document is passed out in the Assembly, it becomes part of the tablings in the Assembly. So it should not be allowed.

MR. THOMPSON: Mr. Speaker, I'd like to say a few words on second reading of Bill 224. I commend the mover for his genuine interest in conservation of energy. I think we are all looking for areas in which that can be done. This is the second or third time he's brought this Bill forward, and I'm sure it has held its place in the limelight both here in the Legislature and out in the general public. So I really think he has done a good job promoting the conservation of energy, and that's a good thing.

In the '30s and early '40s, I can remember when Turner Valley was roaring out at its best. I live 120 miles south and east of Turner Valley. At night you could see those flares out there from our place down home. I have no idea how much gas was flared in those days. But looking back at it from our perspective now, it's obvious that it should never have been allowed. In a way, it was a criminal act. So I really believe in conservation of energy.

Many people feel we have a gas bubble now. But with the new chemical plants coming on stream, we'll use a considerable amount of that gas. Because of the fact that there are problems with the Alaska gas pipeline, we will start to see more pressure to ship some of our natural gas south. So there's no doubt in my mind at all that it's quite a valuable commodity.

The natural gas price protection plan is a subsidy. I concede that. I have trouble understanding how the proposal the member puts forward is not also a subsidy. Basically what we're running into here is, which is the best subsidy? I suppose they both have points. From my point of view at least, the subsidy we presently have — anything he proposed today, and I agree with it completely. If you take the 35 per cent Albertans save by the natural gas rebate plan, you can do all the things the member says should be done. I'm sure, human beings being human beings, that a lot of it won't be done. But the opportunity is there. Actually considerable money is being given to Albertans through their rebate plan, that could be used for weather-stripping, storm windows, et cetera. From that point of view, I guess it's just a matter of which way you like to subsidize Albertans.

What he says, that probably the way we're doing it more or less encourages consumption, is true. He mentions CHIP, a federal program. I agree with him: the thing is not a very good program. But the worst part about it is that nobody uses it. That program was set up for houses built before 1961. Quite a lot of money was set aside to be used in that program. It was not taken up. Now they have said that houses built before 1971 are eligible. It's probably not a very good program in the first place. The best thing I can say about it is that not everyone is taking advantage of it. From that point of view, I would say that I believe in the conservation of energy.

I was amused by the member promoting a type of furnace that costs \$2,900, because basically it would use up more than his subsidy would be.

I appreciate the fact I've been able to get up and say a few words on this subject. Thank you, Mr. Speaker.

MR. OMAN: Mr. Speaker, last January, I came home one night and emptied the mail box, as I usually do. I took an envelope out of there from our friendly Canadian Western Natural Gas Company, opened it up, and as usual I did a kind of double-take, just to check that things were right. I think that bill was about \$135 for that month. I thought, gosh, that's kind of expensive. Then I started getting some phone calls from a number of my constituents who sort of agreed with that assessment.

One might say, you should live in a smaller house. I keep my thermostat relatively low; in fact, very low at times. However, I think that lesson came to me as an indication of the bottom line where people are going to begin to pick up their ears, if you will, and take notice that something needs to be done. It comes back to the matter of the buck. I don't know if that should be the ultimate motivator. It's too bad we have to wait until it hits there, because preventive medicine is oftentimes much better than trying to cure the disease.

I think the motion the hon. Member for Edmonton Glengarry brings to us right now is very timely. What he's really trying to do — along with a number of other people across not only our country, our province, our continent; really across the world — is point out to us that it's important today to conserve what we have before we get up against the final crunch. Even though we're tempted to be lulled to sleep right now, because we have another energy glut in the world as sure as we sit here today, a time will come when that too will disappear. It could disappear very quickly. The point is that while we have something, we had better make good use of it.

I'm in total agreement with the general trend of the motion. I may want to question some of the methods, although not many of them. The point is that anything we can do to promote the idea of energy conservation is in order. I must admit that after I got to thinking about the dollars flowing out from my house, I got interested in finding out how you can prevent this. I discovered that probably one-third of that energy loss was through my uninsulated basement, where I just have cement walls. It's a relatively new house. So I got to thinking, maybe I should buy some two-by-fours and just slap on some very quick batting. Even if I don't finish it off, that will probably save 25 per cent of my heating bill. I haven't done it yet, but it's in the plan. It's sort of like fixing the hole in the roof of your house. When it's raining, it's too wet, and when it's not raining, you don't need to.

It comes down to a point of priorities here. When the pinch comes on enough, you suddenly begin to act. Actually, my design now is to build a whole new house that's really energy efficient. I haven't built a house for 10 years. I think it's about time I got at it again. That's sort of my goal right now: to build a house in which I really don't need any outside heat at all. It can be done.

A lot of the matters of energy-efficient housing come from Saskatchewan these days. It's a prairie approach, but we have a part in this. When I was in Saskatoon a week ago, I picked up this little booklet. Some of you have already seen it. If you haven't, you ought to get it: an excellent book on how to construct an energy-efficient house. Alberta Energy is part of it, with Saskatchewan Mineral Resources and the Manitoba conservation of renewable energy branch.

I guess one of the shortages of the hon. member's Bill — and obviously you can't cover everything in one Bill — is that we haven't yet gotten at the building industry. It seems to make sense to me to start before the house is built. The national government has instituted certain le-

vels and standards as far as insulation, R factors, and air tightness are concerned, which has gone a step in the right direction. But it's only a step. The other thing is that I think we need to encourage our building industry, perhaps with a subsidy, but something that will encourage them to put energy-efficient houses on the market. It makes a lot more sense, and it's a lot cheaper to get in on the ground floor and put those insulating and airtight materials in at that stage, than to retrofit. That's where I think we ought to be getting at the problem.

Obviously most of the houses now in existence are going to be in existence for two or three more decades. I suppose the great explosion in Alberta took place in the '60s and maybe even more so in the '70s. Those houses are going to be around for a long time. So if we can do something practically — incidentally, it doesn't take an awful lot of money to do some very significant things. The hon. Member for Edmonton Glengarry mentioned some of them.

I came across another paper, written by a gentleman by the name of Orr, who is with the building department of the National Research Council. His particular emphasis is airtightness. He's saying that it makes much more sense to make sure your house is airtight than to have depth of insulation. For instance, he says:

I would suggest that every dollar spent making houses more airtight is worth ten times as much as every dollar spent on adding more insulation to the house.

I suppose the hon. member makes a point when he says that an auditor, if that's going to be his job, can certainly advise somebody before he gets too deep into the program, by saying, this is the best, most efficient thing you can do to your house.

I had a very discouraging letter, I thought; I guess this is the danger of governments also getting in and guaranteeing certain things. I think we're all aware of the urea formaldehyde insulation the feds got themselves into. Maybe the rest of you have had citizens within your own constituencies, who got themselves into this kind of bind. It's a rather pathetic case of a woman whose husband died some 20 years ago. She has raised her family. She's proud and won't take welfare. But after being advised to put insulation in, she went to the urea formaldehyde formula. After having paid off the mortgage, she finds that her house is now devalued because she's done this kind of thing. So it's important, obviously, that we take the right route. Therefore, I suppose the idea of an auditor has some merit in this case. I think the hon. member is on the right track.

I support the Bill. I think it's a good one, and we should go with it. However, as I indicated before, we have within our province — and those of you who are on the committee on economic affairs remember that we had dinner and conversation with those in our province who are working in conservation. I don't know if people are aware of the mobile unit that will travel from place to place. When they're in a community, they'll go to a house and tell people where the leaks are and where they need to insulate. Something is already being done in Alberta towards this end. But I think the step the hon. member proposes is another that would encourage people.

As we said, it gives them a financial incentive. When the dollar comes into play, people tend to act. If they see that they can ultimately save a dollar by taking this step, I think that's what they'll do. I think he is quite right in saying that government money is spent here as well, certainly in saving the consumption of gas. In our particular

protection program, it's ultimately going to return to us. So the proposal the member makes, makes economic and conservative good sense. I support it.

Thank you, sir.

MR. YOUNG: Mr. Speaker, I have just a few very brief comments to make on the Bill. I spoke on the Bill. As the hon. member indicates, it's virtually the same Bill that was introduced a year ago. But some time has run, some experience since then. I'd like to relate two or three incidents which have come to my attention, which I relate to the Assembly because it should inject some caution in running off in all directions with good ideas and new technology. I'm all in favor of conservation and, particularly, of each individual addressing the subject seriously from that individual's point of view. But I would like to relate three items only. It will take but a moment.

[Mr. Appleby in the Chair]

First of all, in the National Building Code, which Alberta adopted, we have tried to develop a system which goes a long way to making new houses much more airtight. The end result is that it is now very important to have a fresh-air intake for the furnaces and other gas-burning equipment in those houses. In order to have this fresh air intake and to be sure that no one gets gassed in the house — according to Mr. George Dalgleish, who writes a handyman's column and is very critical of the national and provincial code, and with whom I've had some exchange of correspondence — we now find that some basements are freezing in the furnace room, because the air intake, as designed, is either too great or not in the right configuration. The problem could of course be overcome if we had air exchangers. Air exchangers begin to get us into the money business again, and the capital cost of the building goes up. So some trade-off has to be made between an air exchanger and some other conservation measures one might undertake.

The second thing that's been done is to try to conserve by new methods of damp-proofing and insulating basements. It turns out that in certain climates, that also produces building problems which weren't anticipated; so back to the drawing boards and try to make some additional trade-offs. The third development has been that when houses have been constructed sufficiently airtight to economize and conserve to the greatest degree, the air doesn't exchange. The end result is a buildup of odors in the house and, to some degree, some illness has been attributed to the lack of exchange of air, the illness apparently feeding on whatever activity goes on in the house that creates these particular odors to which some people are very susceptible; others may well not be. But those are the kinds of problems we get into by rapid changes in technology, from ideas that look really good on the surface, but which take some time in the testing.

I don't mind saying that I think all of us should have learned a pretty valuable lesson from the urea formaldehyde insulation escapade. I am very reluctant to move in a vigorous manner with some of the technology with which we're now familiar, until we have been satisfied that it doesn't have some after-effects with which we're not familiar and which can be quite devastating. I just want to put that much on the record.

Mr. Speaker, before I sit down, I also want to say that I have to take some exception to the failure to become more conservation conscious and to react to the pressures of rising energy prices in the house-building industry.

There is a much greater awareness than there was before of the need for conservation and the need to construct houses in a better manner. I think considerable progress has been made in Canada. But I point out that even with the research done by the National Research Council of Canada and as reviewed by experts in the various provinces, we are still encountering unanticipated problems with initiatives, which shouldn't be ignored.

MR. HYLAND: Mr. Speaker, it's a pleasure to take part in debate of Bill 224, the Home Energy Conservation Act. I recall the previous time this Bill was introduced. Looking over *Hansard*, it appears that it's very much like the original. I think the hon. Member for Calgary North Hill was right when he said that a lot of these things can be done with very little cost. They can be done by homeowners, if they take the time. They don't have to be done by a hired professional; a lot of it could be accomplished on their own.

[Mr. Speaker in the Chair]

I was in Prince Edward Island a number of years ago and went through a project. I think it was called the Ark or something like that. Supposedly it was an energy efficient, solar-heated building. I don't know what happened or why they closed it down. I do know that the cost was astronomical. It didn't totally heat like it should. The fish farm in it didn't work as well as it should, and there was a number of things. I understand they closed it down some time after we were there. You may well need things such as that to develop the technology. But in a lot of cases I think people see it work for a short while, don't wait for the long term, and jump to conclusions and assume that it's going to work. Then the general public may be encouraged to spend a lot of their own money, only to find that the project didn't work and they're out considerable sums of money.

In his speech, the member related to such things as the natural gas price protection plan as a subsidy, and how the Home Energy Conservation Act would be better because it would improve heating in the home and improve the amount of gas we have left. I must agree with the hon. Member for Cardston. It really is a subsidy replacing a subsidy. I guess what your value is — is it actually worth it in the increase so the gas will last a number of years longer?

A year or so ago, I looked at a home a young couple was building on a farm. They purchased some old elevators and elevator annexes, tore them down, hauled them home, and built their home with them. It's a fairly large home, probably 1,600 or 1,800 square feet. I'm not sure what that is in metric, but we'll stay with the imperial measurement. When I was in this house, it was probably 20 to 25 below outside. This house was heated with two 8-foot electric baseboard heaters, one in the basement and one upstairs. The house was quite warm. All the interior walls were up, but it was just the bare walls. They weren't covered with any sort of covering. They built this house with 6-inch outside walls that were insulated, and inside they built a two-by-four wall which was also insulated. They had 10 inches of insulation, an air barrier, and plastic barrier between these walls.

So even people on their own can become very inventive and attempt to construct a house that is indeed very energy efficient. I haven't been back there since the house was completed. I don't know how the heating is now, but I do know that at that time they were heating with two

8-foot electric baseboard heaters. The house was quite warm; it was more than warm enough to work in. This was something he figured out himself. He decided to build it that way, and he went ahead and built it. People can become very inventive on their own and build a very energy efficient home.

Mr. Speaker, maybe what gave the member the idea for this Bill was such things as the Alberta pioneer repair program, where seniors were given grants if they wanted to do these kinds of things in their homes. They could do other things, but they could also do these kinds of things to improve their insulation, heating, et cetera, so they were more comfortable in their own homes.

I must commend the member for bringing it forward. The idea is good, but I do see some problems with it. Maybe it's that way with any program that's brought in; it takes people to run it. We would have people administering it. The one that concerns me more than that is the number of people it would take if such a program were in existence. An auditor would have to inspect your home — I guess that's before you could apply for the program — and suggest changes. And presumably there would have to be an inspection afterwards.

Mr. Speaker, I think it would take a great number of people to do such a job. Many homes in Alberta were built many years ago, and may not be all that energy efficient. To upgrade them and have a great number of public servants running around inspecting your house — I just wonder if there's the possibility that a great majority of the amount you would use on the project would be used up in administration, and the real impact and good part of the program would be lost. Very few people would be able to use the money, because the allotments would be used up. I think that's the one problem with it, and I'm not sure how you'd overcome it if such a program were put into place.

I don't think it's totally because of the increase in the cost of the fuel to heat the house, but just to be more comfortable, that people are putting weather-stripping on doors, caulking windows, framing in basement walls, and such things as that. As these houses get older, the people who really have pride in their homes will fix them up and try to make them more comfortable.

Again I say that the idea in the Bill is good. But I have concerns about carrying out the Bill: the number of people it would take and just how it would affect those who take it. I know many programs come out. The amount of paperwork that goes in and comes out of them — by the time it gets down to the rank and file, the advantage of it is rapidly used up. I suggest that we must reconsider this and see if there's a possibility of accomplishing the end without getting at it exactly in the way suggested in the Bill.

MR. PURDY: Mr. Speaker, in rising to make a few comments on the Bill of the hon. Member for Edmonton Glengarry, Bill 224, I don't know why it is that every second time I get up in this Legislature when the hon. Member for Edmonton Glengarry has had something to present, I've had to disagree with him. I guess I have to continue that role today. I think energy efficiency can be done through many ways other than another piece of government legislation, where you'd have added bureaucracy and a number of other stumbling blocks in the way of the normal, ordinary way of life of Albertans today.

The hon. member indicated that we should do away with the gas price protection plan implemented by this government a number of years ago. It is costing us a

considerable amount of money, something like \$144 million this year alone. But it's there; mainly the amount being paid back to the consumer in Alberta through their natural gas price protection plan is in the royalty base. I think it would be pretty difficult to take that away and try to bring in this particular Bill in lieu of that.

If you look at the rural gas program in the province of Alberta, it's the only program of its nature in North America or the world where the rural part of the province now has natural gas to practically every corner of it. People who converted to natural gas were at one time on coal, fuel oil, or that sort. So they spent a considerable amount of money converting the coal stoker mechanism to the natural gas furnace.

I look at the natural gas furnace, and they're one of the most inefficient pieces of machinery you can find. I think the route many people are now going is the hot water heating type, where you have a much smaller type of furnace to supply energy to a heat exchanger. House temperatures are much more constant and comfortable. If I build another house in the near future, I will certainly heat it with some other energy-efficient method. I'll certainly be putting hot water heating into it, because I think that's the way to go.

I was going to bring in for hon. members today a copy of *Reader's Digest* of two or three years ago. A person decided to build a fireplace in his house and save a lot of money. He had to buy a new truck to haul the wood, get a lease to cut this wood, buy a new chain saw, build the fireplace in the house, plug the chimney, and start the fireplace up. The soot came pouring back into the house, blackening everything. He had to bring the cleaning people in, at a pretty high fee, to clean up the mess. I think the bill was something like \$50,000 for this expenditure on energy efficiency — a bit of a story written in *Reader's Digest*. I looked for it on the weekend, because I knew I was going to be involved in this debate. I thought it would be an interesting write-up to put into the record, of what can happen if you really want to go after things.

I look at my "own gas bill — and I think the hon. Member for Calgary North Hill mentioned his was \$135 for January. Recalling from memory, mine for January was \$62. I have a modest, 1,300 square foot house, with the basement complete. But I have two furnaces in it, one for upstairs and one for downstairs. I think that's a saving in itself. The second thing I've done is utilize the fireplace in the rumpus room area of the house and, once in a while, the fireplace upstairs. I guess I probably burned a cord and a half or maybe two cords of wood this winter. It certainly knocked my gas bill down, and it helped in maintaining and saving gas for other Albertans.

MRS. OSTERMAN: You've got more hot air too, Bill.

MR. PURDY: That's right, and it's rising.

Then I look at my brother, who just built a new house

here this summer. I helped him. His gas bill in January was \$150. He bought a package from an individual supplier here in Edmonton — not to mention any names. It was of two-by-four construction, very poor insulation, and so on. He told me that that in January, when we had a really severe blizzard, his furnace ran continually — it's a two-storey home — for 24 hours, and the temperature never got above 55 Fahrenheit. They were a bit cold. But when you put one furnace in to do the whole house — the basement, the main area, and the upstairs — that can cause you some real ... I don't know what his gas bill was for February, but it was much the same.

I also reflect back to 1964 and the utility company I am employed with. We had quite a campaign on to use electricity. It was buy this, buy that, because we had a surplus of power in the province. It wasn't costing that much per megawatt to build a generating station. But in 1980-81, the company has done a reversal. They are now promoting energy efficiency. I don't have with me that pamphlet — or the various pamphlets the company has — that says how to maintain energy in the electrical form within your house, such as don't open the fridge door when not necessary; get everything out at one time and then close it; if you're going to put something in the oven, don't check it every 15 minutes to see if it's cooking, let it cook; and various things like that. They also say go to a microwave instead of a conventional oven for smaller jobs. So there are many things on the market where energy can be saved.

A person in Spruce Grove has come out with a unique concept. It's kind of an attachment to a window on the inside. I witnessed some of the houses in Spruce Grove that have put them in. You touch a window when it's 30 below outside, and it's generally cold. But with this magnetic type of window that he installs, you feel the window and it's warm, the same temperature as the house. People who have installed these said they can feel the difference in the house, and they've seen the difference in the natural gas bill.

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

MR. SPEAKER: Does the Assembly agree?

HON. MEMBERS: Agreed.

MR. HORSMAN: Mr. Speaker, it is not proposed that the Assembly sit this evening. It is my understanding that the Committee on Private Bills will be meeting to consider a number of applications for private Bills.

[At 5:27 p.m., on motion, the House adjourned to Friday at 10 a.m.]