

**LEGISLATIVE ASSEMBLY OF ALBERTA**Title: **Monday, May 3, 1982 2:30 p.m.**

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

**PRAYERS**

[Mr. Speaker in the Chair]

head: **INTRODUCTION OF BILLS****Bill 43****Trust Companies Amendment Act, 1982**

MR. KOZIAK: Mr. Speaker, I request leave to introduce a Bill, being the Trust Companies Amendment Act, 1982.

Among other amendments, the Bill provides codification of policy on pool trust funds which deal with such areas as registered retirement savings plans and registered home ownership savings plans.

[Leave granted; Bill 43 read a first time]

**Bill 42****Metis Betterment Act  
Restoration Act**

MR. MOORE: Mr. Speaker, I beg leave to introduce Bill No. 42, the Metis Betterment Act Restoration Act.

The purpose of this Bill is to put the Metis Betterment Act back into exactly the same position it was prior to the 1980 revision of the statutes. That's consistent with the request by the Metis federation of Alberta.

[Leave granted; Bill 42 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, 12 grade 8 students from Ralston in my constituency, who are up here on one of their curriculum courses. For anyone who doesn't know where Ralston is located, it's down in the natural gas field of Alberta, Suffield.

They said they got a videotape from the Department of Education, indicating how the Legislature operated. They said: you know, Mr. Mandeville, Mr. Lougheed looks so young and, on top of that, he's on the other side of the House. I suggest to the hon. Minister of Education that he update that videotape before he sends it out to the schools, because gray hair won't show up in the videotape. [laughter]

Mr. Speaker, they're accompanied by their teachers Raymond Reid and Susan Masterman. They're in the members gallery, and I'd like them to rise and be recognized by the House.

MRS. EMBURY: Mr. Speaker, on behalf of the Member for Barrhead, today it's a privilege for me to introduce to you, and through you to members of the Assembly, 52 grade 6 students from Swan Hills school. While it's difficult for me to compete with the member's enthusiasm

over his constituency — and I certainly can't claim that Swan Hills is a suburb of Calgary North West — it is a privilege for me to introduce them today, since at one time in my life I was a resident of the town of Swan Hills.

Accompanying the students are two of their teachers, Mrs. Joyce Venables and Ms. Enid Johnston, their bus driver Mr. Maxwell, plus eight parents: Mrs. Hornsby, Mrs. Paradoski, Mrs. Dawson, Mrs. Croswell, Mr. Clarkson, Mrs. Sperling, Mrs. Carleton, and Mrs. Carlson. They are seated in the members gallery, and I would like them to rise and receive the welcome of the Assembly.

MR. WOO: Mr. Speaker, I'm pleased to introduce to you, and through you to members of the Legislature, 47 grades 5 and 6 students from Mills Haven school in Sherwood Park. They are accompanied by teachers, Mrs. Caroline Barr and Mrs. Margaret Melmock, and parent Mrs. Doreen Peters. They are seated in the public gallery, and I now ask that they rise and receive the traditional welcome of the House.

MR. MAGEE: Mr. Speaker, today it's my pleasure to introduce to you, and through you to members of the Assembly, 26 students from the Piper Creek elementary school in Red Deer. They have a perennial date with this Assembly each year, as part of their annual educational experiences. They are seated in the public gallery, accompanied by their principal Blair Nestransky, their teacher Jean Tatlow, and their bus driver Blaine Pullyham. I ask that they rise and receive the traditional welcome of the House.

head: **ORAL QUESTION PERIOD****Oil Development**

MR. MANDEVILLE: Mr. Speaker, I lost again. [laughter] In baseball, if you miss three times you're out.

My first question is to the hon. Minister of Energy and Natural Resources. Could the minister indicate if there are going to be further negotiations as far as Alsands is concerned, or can we consider Alsands shelved at this point in time?

MR. LEITCH: Mr. Speaker, I do not anticipate any further negotiations with the Alsands consortium.

MR. MANDEVILLE: One supplementary question, Mr. Speaker. Could the minister indicate whether he has had contact with Gulf and Shell, the two companies still in the consortium, since the decision last Friday in Calgary? Have they directly indicated that they are definitely not going to be interested in going into the Alsands development?

MR. LEITCH: Mr. Speaker, I've had no contact with either company since the announcement at approximately 1 o'clock last Friday. I've taken the public statements of both the spokesman for the consortium in Calgary and the president of Shell and Gulf Canada at face value, which is to the effect that they are not prepared to proceed with the project.

MR. MANDEVILLE: A further supplementary question, Mr. Speaker. Now that Alsands isn't going ahead, could the minister indicate what contingency plans the govern-

ment has in place to keep our Alberta oil industry and construction moving in the province of Alberta?

MR. LEITCH: Mr. Speaker, certainly we will be exploring alternatives, but I think it would be premature for me to comment today on what those might be.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. What priority is the government now putting on Syncrude expansion, as a result of the Alsands decision last Friday?

MR. LEITCH: Mr. Speaker, I'm not sure what the hon. member means by the priority the government is putting on Syncrude expansion. Certainly the government has encouraged all oil development proposals within the province, whether they be a Syncrude expansion, major projects such as Alsands or Cold Lake, pilot projects in the heavy oils, enhanced recovery, and in the conventional oil industry. The government has been supportive and encouraging in respect of all those projects.

MR. NOTLEY: Mr. Speaker, a supplementary question. In light of the shareholder position through the Alberta Energy Company, is the minister, or perhaps the hon. member on the Syncrude board, able to give the Assembly any indication as to where the Syncrude expansion now stands?

MR. LEITCH: Mr. Speaker, I can't be more definitive than to say that I know it is under consideration. I expect that when the owners of the Syncrude project have collectively reached a conclusion with respect to expansion, there will be discussions with us about the terms of the expansion.

MR. MANDEVILLE: A supplementary question, Mr. Speaker. Now that we're not going ahead with the Alsands megaproject, has any consideration been given to starting our synthetic crudes on a smaller scale? I'm saying: have smaller projects, and develop synthetic crudes in the province.

MR. LEITCH: Mr. Speaker, certainly there has been consideration of that; it has been ongoing for a number of years. Members of the Assembly would be familiar with the work carried on by the Alberta Oil Sands Technology and Research Authority, which essentially is involved in experimental and pilot work with respect to development of the oil sands. We have been very supportive of all the companies proposing developments in those areas. For example, I'm sure members of the Assembly are familiar with the fact that we have a nominal royalty with respect to pilot projects, to encourage them to proceed. We are supportive of any of these projects brought to us, both in the sense of having the Alberta Oil Sands Technology and Research Authority involved and in having a nominal royalty in order for them to proceed.

MR. KESLER: Mr. Speaker, a supplementary question. Could the hon. Premier indicate whether he's considering any major changes in the economic resurgence plan, in view of the failure of the Alsands deal?

MR. LOUGHEED: Mr. Speaker, I'd like to refresh the member, also members of the Assembly, that the Alsands project was not in any way part of the economic planning of the province, in the sense of relying upon it. Neither in

the Speech from the Throne nor in the Budget Address was there any reliance upon the Alsands project's proceeding, in terms of the economy here in this province.

As I mentioned in the Assembly on Thursday, our view is that that project, important as it was in terms of providing leadership in synthetic oil activity in the world, and hence had our support, was not an integral part of an economic resurgence plan. For our part, we felt that our stimulative budget, our Alberta oil and gas activity plan to stimulate the conventional oil and gas industry, is our prime thrust at the moment. Of course, there will be others in due course.

MR. KESLER: A supplementary question, Mr. Speaker. Could the hon. Premier indicate whether other plans are being reviewed at this time, to redirect the effort put on the Alsands project? As the government had indicated many dollars, at low interest rates, to go into the Alsands project, could the hon. Premier indicate whether a program is being reviewed to take up the slack for those who have commitments in the project?

MR. LOUGHEED: Mr. Speaker, I'm not sure I quite understand that question. Certainly last Thursday — or at least it was given a week ago today — we made an offer that we thought was constructive. It involved a risk investment of major magnitude by the government of Alberta. In previous questions, I think the Minister of Energy and Natural Resources referred to other projects of oil sands development. But I may not have understood the import of the hon. member's question.

MR. MANDEVILLE: A supplementary question, Mr. Speaker. Is the hon. Minister of Energy and Natural Resources planning any immediate meetings with Esso, with regard to the heavy oil project in Cold Lake?

MR. LEITCH: I have no meetings scheduled with Esso Resources, with respect to that project, Mr. Speaker.

DR. BUCK: A question to the hon. minister, Mr. Speaker. In light of the fact that I believe a statement was made in Ottawa by the minister's counterpart, the hon. Mr. Lalonde, that the federal government would now be pressing for the Esso/Cold Lake project to go ahead, have there been any discussions within the last two days between the provincial and federal ministers of energy, as to the possibility of getting off the ground the new type of process Esso is proposing in Cold Lake?

MR. LEITCH: Mr. Speaker, I'm not sure what the hon. member means by the "new type of process". Perhaps he could expand on that. But to answer the main portion of his question, I haven't been involved in any such discussions over the past weekend.

DR. BUCK: Mr. Speaker, to the hon. minister: the Alsands and other plants have been open-pit mining, and of course the Cold Lake project would be an *in situ* recovery situation.

MR. SINDLINGER: A supplementary please, Mr. Speaker. May I ask the minister what plans there are for long-term development in the tar sands? Now that Alsands is not going ahead, what are the prospects for tar sands development over the next 20 years?

MR. LEITCH: Mr. Speaker, in large measure, I think I answered the substance of that question in earlier answers today. If the hon. member is asking about our projections for oil sands development, I have no doubt that there will be significant additional oil sands development. But as to the form or time, those matters will have to be determined by the future.

DR. BUCK: Mr. Speaker, a supplementary question on the development of the oil sands in the Fort McMurray area. In light of the fact that as of this weekend, the Colorado shales are being put on hold by the federal government in the United States, can the minister indicate if this will reflect upon our open-pit mining in the Fort McMurray area? Has there been any discussion between the United States government and this government as to the feasibility of possibly never having another oil sands plant go ahead?

MR. LEITCH: Mr. Speaker, I believe the hon. member is referring to an announcement by Exxon, as opposed to the United States government, to withdraw from a mega-project in the Colorado oil shale. There have not been discussions that I'm aware of between our government and representatives of the United States government, regarding connecting oil shale development or oil sands development. There have been some exchanges of technological information on both developments. Mr. Speaker, I'd merely observe that as I follow the numbers, the capital costs were significantly higher with respect to oil shale development than with respect to oil sands development.

MR. SINDLINGER: Mr. Speaker, could the minister indicate whether any preliminary or exploratory talks have been held with potential applicants to develop tar sands plants over the next 10 or 20 years, or have we now seen a stop in tar sands development for the near future?

MR. LEITCH: Mr. Speaker, we've been involved in a number of potential projects. First of all, there's the Syncrude expansion, which was raised earlier during this question period. Also, some preliminary work is being done on what we refer to as the other six leases in the Syncrude area. The ownership of those leases is somewhat different from the ownership in Syncrude. Discussions have also been going on with respect to a megaproject that would have followed Alsands and Cold Lake. So certainly, on a preliminary basis, a variety of projects have been under discussion for oil sands development.

MR. KESLER: A supplementary question, Mr. Speaker. Could the hon. Premier indicate if he'd be prepared to set up a special committee of this Legislature, with a mandate to review and make recommendations with regard to the economic policies of this government? In the past, Albertans have put their complete trust in this Premier and his cabinet, but now I feel that much of their trust has . . .

MR. SPEAKER: Order please. The hon. member could put that on the Order Paper for debate.

MR. NOTLEY: Mr. Speaker, a question to the hon. Minister of Energy and Natural Resources. The minister indicated that the Syncrude people were reviewing the option of expansion, and that at some point there would be discussions with the government. Presumably, howev-

er, there have already been discussions with the government. Can the minister give us some indication as to timetable for Syncrude expansion, in view of the opportunities this expansion would give to pick up some of the slack in the associated industries that have geared up for Alsands?

MR. LEITCH: Mr. Speaker, I wouldn't be able to give any estimate of the time frame. As I've indicated, that's being considered by the participants in Syncrude. There would need to be a decision to proceed with it. When and if that decision is made, we would then be able to forecast a time frame.

MR. NOTLEY: Mr. Speaker, could I put a supplementary question to the hon. member of the Legislature who sits on the Syncrude board? As a member of the board, is the hon. member able to supply the Assembly with a more definitive answer, in terms of the objectives of the board with respect to Syncrude expansion, given the need to provide some opportunities for businesses that have geared up for Alsands and might be assisted, were Syncrude to expand?

MR. BRADLEY: Mr. Speaker, the board hasn't had an opportunity to discuss this matter since the Alsands decision. I might say that at this point in time, the emphasis at Syncrude is to maximize efficiencies. We are looking at de-bottlenecking. At a certain point in time, a decision on expansion will come forward.

MR. NOTLEY: A supplementary question.

MR. SPEAKER: Followed by a supplementary by the hon. Member for Olds-Didsbury.

MR. NOTLEY: As a representative on the Syncrude board on behalf of the Alberta government, can the hon. member advise the Assembly whether he has in fact recommended expansion of the Syncrude project?

MR. BRADLEY: Mr. Speaker, our position has been one of being in favor of an expansion of Syncrude.

MR. KESLER: A supplementary question to the hon. Premier, Mr. Speaker.

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

MR. KESLER: Will the hon. Premier be prepared to set up a special committee of this Legislature, with a mandate to review and make recommendations with regard to the economic policies of this government?

MR. LOUGHEED: Mr. Speaker, the only way I could answer that question is to suggest to the hon. Member for Olds-Didsbury that that's the very purpose and nature of legislative debate. The estimates of the Department of Energy and Natural Resources are coming forward. The estimates of the Treasury Department are coming forward. The hon. member has ample opportunity to express his views, and no doubt they'll be fully considered.

MR. KESLER: A supplementary question, Mr. Speaker. Because of the turmoil many Albertans are feeling . . .

MR. SPEAKER: I had expressed the hope that that might be the last supplementary, but perhaps we could shift that to this one. Then I believe the acting Leader of the Opposition has another question.

MR. KESLER: My question is: would the hon. Premier be prepared to set up a special committee at this time, to deal with the confusion [interjections] created in the province by the situation of Alsands not going ahead?

MR. LOUGHEED: Mr. Speaker, I could no doubt launch into a debate with regard to the question of confusion. I think it's been clear for some time that this government, as I mentioned earlier, has not been relying on the Alsands project as part of its economic strategy for this or next year. As we have shown, we hoped that the project would go ahead, and were prepared to make very significant commitments to it. But I can only repeat: rather than a separate committee of the Legislature, the whole function of this Legislative Assembly is for debate. No doubt the hon. member will have plenty of opportunity, both today and in the days ahead, to make his points.

#### Vehicle Registrations

MR. MANDEVILLE: Mr. Speaker, my second question is to the hon. Solicitor General, with regard to the mail-in license applications that haven't been sent back, and automobile owners who don't have the licence. Has the minister put in place any contingency plans for people whose licences, sent in by mail, have been held up in the head office?

MR. HARLE: Mr. Speaker, I'd have to make some inquiries in that regard. There was a cut-off date and, as I understood it, the cut-off date was in sufficient time to be able to get the license tabs out. However, I'll check.

MR. MANDEVILLE: A supplementary question, Mr. Speaker. If someone had proof that they did apply for their licence, a cheque, would the minister consider that enough that the person wouldn't be charged for not having a licence?

MR. HARLE: I would have to check the legislation in that regard.

MR. MANDEVILLE: A supplementary question, Mr. Speaker. The question is more or less a conflict with myself, because I sent in my own licence on March 4. I haven't got it back yet, and it's pretty tough backing around. [laughter] It reminds me of the '30s, when I was wearing those denim pants. I'd like the minister to consider that, so one wouldn't have to back around. I had to get to Edmonton today. I had to get into the airport and back into my stall, so I wouldn't be noticed. I'd like the minister to take that into consideration, and see if we can get these licences speeded up.

MR. HARLE: Mr. Speaker, I certainly think I should consider the representations of the hon. member. However, I would like him to give me some details of his registration plate, and I will follow up on it.

#### Aircraft Purchases — Job Opportunities

MR. NOTLEY: Mr. Speaker, I'd like to direct this question to the hon. Minister of Economic Development. A

word of background is necessary. Recently BAC purchased Boeing aircraft. As a result, it obtained 50,000 offset jobs in Great Britain.

In view of PWA's purchase of a quarter of a billion dollars' worth of Boeing aircraft, has the government of Alberta discussed with PWA the conditions that might lead to offset jobs?

MR. PLANCHE: Mr. Speaker, I'm going to refer that question to the Minister of Transportation. Before I do, I'd like to point out that we have been to Boeing in Seattle, and we have extensively researched what opportunities there may be here for appropriate manufacturers. Since the visit we have contacted, and continue to contact, those manufacturers to see if they're interested in being competitive in carve-outs and parts that would appropriately fit Boeing's program. Among them are things like galley trays, complete galley assemblies, and a variety of other things that may be compatible with those who manufacture for camp projects and such in Alberta. So we're at that.

MR. NOTLEY: Mr. Speaker, a supplementary question. I would ask the hon. Minister of Transportation to respond. But to the hon. Minister of Economic Development: is the minister in a position to confirm that Northwest Industries is now in the position of laying off large numbers of employees? In view of Northwest Industries' good reputation in this area, I ask the minister whether any consideration was given by PWA to offsetting agreements before the commitment to purchase Boeing aircraft was given, considering the fact that BAC got 50,000 jobs for England out of Boeing?

MR. PLANCHE: In terms of impact, Mr. Speaker, there's some difference between buying airplanes from Boeing and buying Boeing. So it's hard to grade the two the same.

In terms of Northwest Industries, it is a fact that Northwest Industries did enjoy some business with Boeing, and they've had what you might call a commercial disagreement. Since that time, Northwest Industries hasn't enjoyed the participation with Boeing that they did before that disagreement.

MR. NOTLEY: Mr. Speaker, a supplementary question. Can the hon. Minister of Transportation indicate whether the minister, on behalf of the government of Alberta, held any discussion with the board of PWA, concerning offset opportunities that might be developed pursuant to the purchase of Boeing aircraft? In particular, is the minister in a position to confirm that the multimillion dollar galley contract on those planes is in fact given to a Japanese firm?

MR. KROEGER: Mr. Speaker, I had discussion specifically with Boeing when I was in Seattle last year. You have to understand that when these contracts are negotiated between a firm like PWA and the Boeing Company, they're in a very competitive position. Negotiations start on the value of aircraft and design, performance, and this sort of thing.

Secondly, Boeing informed me that they look at inter-governmental sorts of arrangements, but between countries rather than states or provinces necessarily. The answer I got was that major components for 737s and 767s are being manufactured in Canada, but they can't move those around between provinces whenever the pos-

sibility of a purchase occurs. In other words, 737s are being purchased by users in Canada other than just Pacific Western Airlines.

The other thing that complicates it, for example, is that you make a deal for six 767s, as we did through PWA. You could tie some riders to that. Then the difference in the demand for aircraft travel occurs, and you go back and cancel four of those. What does that do to your agreement? So you really haven't the leverage you might like to have, for those kinds of reasons: the competitive thing with other companies and countries, and the fact that the manufacturers do allocate out of country. But you can't just shift with economic conditions. So while we're aware of this kind of thing and we have had discussion, nevertheless there is a limit to how much leverage you can exert.

MR. NOTLEY: Mr. Speaker, a supplementary question. Given the success of the British in obtaining offset concessions by Boeing, has the minister made any representation to the federal government with respect to securing at least some of those jobs which might not otherwise be generated in Alberta, when we have a layoff in our major aircraft firm in the city of Edmonton?

MR. KROEGER: Mr. Speaker, since we as a government are not involved in the negotiation when these contracts are being worked out, I would have no reason to go to the federal government, making these kinds of suggestions.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. Minister of Economic Development. Has any general guidance or policy been issued by the government of Alberta to PWA, in view of the quarter of a billion dollar contract, that the companies should deliberately attempt to seek offset concessions when negotiating with different aircraft manufacturers?

MR. PLANCHE: Again, Mr. Speaker, I'll refer that specific to the Minister of Transportation, but I'd like to make a comment. We are active in the offset program. For instance, in terms of supply to de Havilland, the other day this government was instrumental in seeing to it that a foreign supplier, bidding at a preferred subsidized interest rate, was made to be competitive with someone from Alberta who could supply a competitive part. In fact, the Alberta producer won the contract.

We do a variety of things, understanding that this is not a manufacturing centre in the clear sense, in terms of volumes of product for aircraft; it's a specialty manufacturing area. Where appropriate, and where we can be actively useful, we are.

MR. NOTLEY: A supplementary question to either the hon. Minister of Economic Development or the hon. Minister of Transportation. It's with respect to clarification on a question I asked before respecting the galley contract on the 767s. It's my understanding that those galleys could be produced in Alberta. In his discussions with the board of PWA, is the minister in a position to advise the Assembly why there were no offsetting commitments to obtain that kind of work in Alberta for Alberta manufacturers, as opposed to having Boeing contract it out to a Japanese firm?

MR. KROEGER: Mr. Speaker, I didn't have that kind of conversation with the board. Nevertheless, I think what I

said to begin with . . . PWA, negotiating the best terms they could, was dealing with at least two world class manufacturers. They go down to the bottom line on what the price is going to be, and make the comparison on what the performance qualities are. When that's all over, at the level of one company, you can't really start pressuring them for offsets. I think that would have to be a policy, a thing that would start ahead of PWA going and negotiating for aircraft.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. Minister of Economic Development or perhaps the Premier. Given the very large contract — in the case of PWA, a quarter of a billion dollars with Boeing — has any consideration been given to both the Premier discussing with the federal trade and commerce people as well as developing a policy in Alberta with respect to maximizing offset concessions in this part of the country?

MR. PLANCHE: I'm sorry, Mr. Speaker, I didn't hear the first part of the question.

MR. NOTLEY: Has any consideration been given to carrying on discussions with our federal trade and commerce people, on this issue of offset concessions? If you're going to spend a quarter of a billion dollars on aircraft, let's make sure that as much as possible, we get as many jobs in Canada and as many in western Canada as is feasible.

MR. PLANCHE: The offset program has frequently been discussed by my colleague with his counterpart in Ottawa. I'd like to say two things, though, before I take my seat.

Mr. Speaker, on the issue of the galleys, three or four companies around the world make those galleys. Usually the purchasing airline company specifies which galley they prefer. At the time of our order for PWA, there was a shortage of galley components. That market quickly turned as the fortunes of the world-wide airline industry turned; cancellations rained in, and in fact the price cutting became severe. Our information was that we could not turn up anybody who could competitively supply those galleys in Alberta. If the Member for Spirit River-Fairview has a name, I'd very much appreciate having it.

As to the question of how we pursue offsets, perhaps my colleague would like to comment.

MR. SCHMID: Yes, Mr. Speaker. In fact, for two years now we have tried our best to interest Alberta companies in the offset program for Canada, which was instituted to offset the purchases of fighter aircraft and other material specifically from the United States. We have had companies here from California, and they have contacted Alberta manufacturers. But because of our low manufacturing output, as mentioned before, and its competitiveness, we have not been as successful as Quebec and Ontario, for instance.

In addition, Mr. Speaker, you may be aware that the Leopard tank was purchased for Canada by the Canadian government. A mission is coming from Krauss-Maffei in Germany to Alberta this month, to discuss again any type of offset program we could provide for the purchase of the Leopard tanks, which could be anything from edible oils to any kind of manufactured goods to be provided from Alberta for that program.

MR. NOTLEY: Mr. Speaker, one final supplementary question to any of the hon. gentlemen. Can the government advise the people of Alberta whether, as a consequence of this quarter of a billion dollar contract by PWA, there will be any offset jobs in Alberta?

MR. PLANCHE: I'll lead off. Mr. Speaker, I don't know of a quarter of a billion dollar contract. That was part of what I missed when I asked for it before. Perhaps the member could outline what the quarter of a billion dollars will be spent on.

MR. NOTLEY: Yes, as a matter of fact. As I understand it, the planes are the purchase of some additional 737s, as well as the 767s, which comes to about a quarter of a billion dollars.

MR. KROEGER: Mr. Speaker, initially an order was issued for six 767s, over a specified period of time. A 767 is listed at \$60 million. That order has now been reduced to two, which changes the numbers considerably. I don't happen to have the number of 737s that are on order. They carry a price tag of about \$15 million.

So that's really what I was making reference to earlier. Had the order been predicated on somebody building something in Alberta by the size of the order, and we reduce it by two-thirds — as we did with the 767s — then what would happen to the kind of offset program which you might develop? It's a little tough to tie it to a dollar figure.

#### Oil Sands Technology

DR. BUCK: Mr. Speaker, my question is to the hon. Minister of Energy and Natural Resources. Can the minister indicate if his department has had any consultation with the nuclear energy people, Nova Corporation, and TransAlta, as to the feasibility of using nuclear energy to recover oil from the oil sands, especially using the *in situ* method of oil recovery?

MR. LEITCH: Mr. Speaker, I'd have to check on that. I'll do that, and respond later to the hon. member.

DR. BUCK: Mr. Speaker, in light of the fact that the minister's estimates will be coming up fairly soon, I'll hold the remainder of the questions until that time.

#### Canola Production

MR. BATIUK: Mr. Speaker, I'd like to direct my question to the Minister of Agriculture. It's with reference to Senator Argue's telephone survey of 1,200 prairie farms, to determine whether they would be in favor of a sole marketing system for canola by the Canadian Wheat Board. Could the minister advise whether he has been notified of this survey, and what stand he has taken?

MR. SCHMIDT: Mr. Speaker, I have no official notification of the survey, although I have been notified of a survey being taken by some of the canola breeders themselves.

MR. BATIUK: Mr. Speaker, a supplementary question. Could the minister advise whether it's his intention to request that the survey, particularly that area that covers Alberta, be given to him?

MR. SCHMIDT: Mr. Speaker, in light of the outcome of the survey showing a difference in points of view, I'm aware that the canola growers themselves have expressed that they will be trying to get a better handle on the percentage of the survey and the numbers presented.

MR. BATIUK: Mr. Speaker, a supplementary question. Last year, the three pools made a similar survey, and it cost in excess of \$47,000. Could the minister advise whether the cost of this survey is going to be covered by the wheat producers, through the Canadian Wheat Board, or is it going to come from the federal treasury?

MR. SCHMIDT: Mr. Speaker, I have no information as to who would receive the bill in regard to the survey.

DR. BUCK: Mr. Speaker, a supplementary question. Can the minister indicate if the Department of Agriculture is doing any studies as to the amount of acreage that would be sown to canola, in order for us to fulfil our foreign contracts?

MR. SCHMIDT: Mr. Speaker, the drop in acreage of canola production that took place last year was a serious threat to the rapeseed crushers within the province. Coupled with some reduction in yield, that gave the province of Alberta and western Canada a much lower yield in canola than we had been used to or that the crushing industry could live with.

The program established mainly by the canola growers, and the information the Department of Agriculture has made available to the various regions throughout the province, have been designed for a singular purpose: hopefully to increase the canola acreage this year. It appears that Mother Nature will perhaps be aiding that program by providing a much later spring and cutting down some of the growing period that would be available. Perhaps some wheat acreages will now be sown to canola. That number of acres will be much easier to assess once spring planting starts, and we will be monitoring that almost daily.

MR. KESLER: Mr. Speaker, a supplementary question. Has the hon. minister contacted his federal counterpart and expressed the concern Alberta canola-crushing people have with subsidized canola-crushing facilities in Ontario?

MR. SCHMIDT: Mr. Speaker, on behalf of the rapeseed crushers in the province of Alberta, we've had ongoing consultations with the federal government. In the presentation to Dr. Gilson, as part of the Crow support program, we have also supported them in their approach and recognize that problems exist in the crushing industry.

#### Summer Temporary Employment Program

DR. PAPROSKI: Mr. Speaker, I wonder if the Minister of Advanced Education and Manpower would indicate to the House whether the number of jobs available under STEP will increase or decrease this summer.

MR. HORSMAN: Mr. Speaker, the summer temporary employment program, also known as STEP, has been finalized as of today. I think hon. members will receive information on that with respect to the supplementary estimates that I expect to be tabled today by my colleague

the Provincial Treasurer. I think a news release is available, with respect to the numbers.

As a result of the circumstances facing students and their summer job prospects, I can confirm that the numbers with respect to the summer temporary employment program will increase significantly over last year, from about 3,500 served last year to 5,000 this year. In addition, some additional programs will bring the total to be served this summer to in excess of 5,400 students.

DR. PAPROSKI: Mr. Speaker, a supplementary question. I wonder if the minister would further indicate whether the policy of funding the student temporary employment program is the same or changed from last year? Meaning where they could work or in a general way, is the policy the same or changed?

MR. HORSMAN: Mr. Speaker, there are a number of changes in the program this year. Some new elements have been added, and one program which formerly was funded through that program, the junior forest ranger program, has now been transferred to the Department of Energy and Natural Resources as a permanent job program for people in that area. So that won't appear any longer as part of the summer temporary employment program.

More emphasis is going to be placed on municipal government participation this year. That is where the greater number of jobs will be created; in fact almost, if not completely, doubling the number of jobs available through the municipal government feature.

MRS. EMBURY: Mr. Speaker, a supplementary question. Would the minister please advise the Assembly if this program is comparable to what is offered in other provinces throughout Canada?

MR. HORSMAN: Mr. Speaker, I couldn't give an answer on that. I'm not certain whether other provinces provide such a program. The government of Canada is making some effort to assist students to participate in this program. I should point out that we are making these additional jobs available for Alberta students, and other provinces of course should consider doing the same. But I could not answer that question as to whether other provinces have the same type of program in place, although I do not know of others that have that type of participation by students.

MR. SPEAKER: I regret interrupting the hon. member for a moment, but that last question got past me. I wouldn't want it to be taken as a precedent, because it has been observed many times in the House that one doesn't do one's research with regard to what other provinces are doing, by asking questions about it in question period.

DR. PAPROSKI: Mr. Speaker, a supplementary. I wonder if the minister would indicate to the House whether the student temporary employment program for the summer is targeted for university students or high school students. If high school students are involved, is it any grade in high school or a specific grade?

MR. HORSMAN: Mr. Speaker, the students who participate in this program will be from the both systems. That postsecondary element commences immediately. The high school student element will commence July 1, or at least

at the end of June, when the high school students will be available for the job market.

If I may comment briefly, I quite appreciate the point made by the Speaker, because it's even more difficult to answer a question when the minister doesn't know the answer.

MR. MANDEVILLE: Mr. Speaker, a supplementary question. I think the minister sent out a letter on March 20, or some time in March, and he wanted a response from the municipalities on April 20. Could the minister indicate if there's a deadline as to when they can make application through STEP?

MR. HORSMAN: Mr. Speaker, thank you to the hon. member for asking that question. I want to make it clear that any deadlines which may have been associated with the earlier request for positions have certainly been extended. Under the original proposal for municipal governments this year, the element that was previously going to be made available has in fact been doubled. Municipalities won't know that until now, because the information is just being finally decided and made available to the public. So municipalities will certainly have additional time in which to request more positions for students in their areas to participate in this program.

DR. PAPROSKI: Mr. Speaker, a final supplementary for the students in the province, so it's abundantly clear. When a student applies under this program, does he have to state that he wants a job under the student temporary employment program, or does he just apply?

MR. HORSMAN: Mr. Speaker, most of these jobs — in fact, all of them that are not presently filled — are listed with the hire-a-student services which are in almost every community throughout the province. Therefore the job applications a student would make would be through the hire-a-student offices. Some of them will have to take their chances on the types of jobs available. But certainly what we anticipate will happen is that they will make their applications to the hire-a-student offices, and whatever jobs are available will be through that purpose. They may not necessarily be able to choose the jobs they want, but at least it will give them some considerable assistance over the summer months.

## ORDERS OF THE DAY

MR. HYNDMAN: Mr. Speaker, I have received certain messages from His Honour the Honourable the Lieutenant-Governor, which I now transmit to you.

SERGEANT-AT-ARMS: Order!

[Members of the House stood]

MR. SPEAKER: His Honour the Honourable the Lieutenant-Governor transmits supplementary estimates of certain sums required for the service of the province for the 12 months ending March 31, 1983, and recommends the same to the Legislative Assembly. It is dated at Edmonton, May 3, 1982.

Please be seated.

### head: GOVERNMENT MOTIONS

12. Moved by Mr. Hyndman:

Be it resolved that the messages of His Honour the Honourable the Lieutenant-Governor, the supplementary estimates of expenditure (A) 1982-83, and all matters connected therewith, be referred to the Committee of Supply.

[Motion carried]

### head: COMMITTEE OF SUPPLY

[Mr. Purdy in the Chair]

MR. DEPUTY CHAIRMAN: The Committee of Supply will please come to order.

#### Department of Energy and Natural Resources

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

MR. LEITCH: Mr. Chairman, I would like to express my thanks and appreciation to the staff of the department, and intend to limit my opening comments to that expression of thanks and appreciation. I expect that there will be a number of matters members would like me to respond to. But rather than anticipate them in my opening comments, I'd prefer to wait until they are raised.

Mr. Chairman, I think the past year has probably been one of the most difficult for the staff of the department. That is true for both the staff on the renewable side as well as those on the non-renewable side. With respect to the renewable side, two things occurred during the past year which placed a tremendous amount of pressure upon the staff of the department. Of course, the most significant was the unprecedented fire situation. Not only did the department staff have to cope with that situation, but also develop plans and procedures to endeavor to cope in a better way if we were to have a similar situation again this year. In addition, the significant downturn in the lumber markets, on an international basis, imposed further obligations on the staff on the renewable side of the department to develop recommendations and programs as to what action the government might take to relieve that situation.

On the non-renewable side, Mr. Chairman, I'm sure everyone in the Assembly is aware of the problems the staff of the department had to cope with during the past year. They were undoubtedly unprecedented. I simply want to say how tremendously impressed I was with the quality and amount of work the staff had to turn out during the past 12 months. They worked willingly on weekends and nights, and put in a tremendous number of extra hours. In fact I can recall an occasion, when we were in discussions in Montreal, a number of the staff literally had to work through the night.

I wanted to open by expressing my very sincere thanks and appreciation for the support and efforts of the departmental personnel. In my judgment, Mr. Chairman, the people of Alberta have been served exceptionally well during the past year.

MR. MILLER: Mr. Chairman, as the associate minister, I would also like to express my thanks to the staff of the department I'm responsible for. They're dedicated to the

work they do for the people of Alberta. As you are probably aware, I'm in charge of the department of resource evaluation and planning. We are looking forward to an exciting year, when we're going to implement an automated land-status system — something the Member for Edmonton Mill Woods has always been interested in — in order to serve the public better and to coordinate the activities of the various departments.

You are all aware of the tremendous job the people in the department of lands are doing, not only in opening up new areas for settlement but also doing a terrific job administering our Crown land improvement program. The fish and wildlife department is looking forward to an exciting year. We are going to put great emphasis on our fish enhancement program, following the recommendations of the select committee of the Legislature which brought in the report a year ago. I would also like to thank the people who worked so hard on surveying and mapping. Our foreign ownership of land is operating extremely well.

Generally speaking, Mr. Chairman, I would like to congratulate the staff on their dedication and service to the public of Alberta.

MR. NOTLEY: Mr. Chairman, I would certainly like to second the compliments for the staff, not necessarily for the government but for the staff of both the non-renewable and renewable sectors of the Department of Energy and Natural Resources.

I want to take a few minutes to talk about the non-renewable sector. Before I do that, I have one particular issue I want to raise during estimates, with respect to the Worsley ranger station. Perhaps one of the hon. gentlemen would be prepared to respond directly to this, when the time for response comes. Some concern has been expressed to me by people in the Worsley area, that the government is going to close down the Worsley station and move it to Hines Creek.

I would just say to the minister that, first of all, that move would be very adverse, in terms of the community of Worsley, where the ranger station has been in operation for many years. Secondly, it doesn't make a great deal of sense in view of the proximity of the Clear Hills and the Canfor operations in the Clear Hills. I would just like to support, in the strongest possible way, the representation that I know the minister has received from Improvement District 21 — if he hasn't received it, he will be receiving it shortly; I'm sure he already has — that there be no change in the location of the Worsley ranger station and that we get a firm statement on that by either hon. gentleman during committee study.

Mr. Chairman, I'd like to reflect for a few moments on the non-renewable energy field. I think it's important not only to draw observations about the collapse of Alsands but to look at what options I as a member of this committee would recommend to the minister. Of course I'm not going to be holding my breath that the minister is going to take my recommendations, but he's going to hear them anyway. I think it would be wrong for members of the committee not to discuss what happened with Alsands. It's fine to say that a generous offer was made — there's no question about the offer on Thursday being generous — and the companies decided to reject it. Frankly, Mr. Chairman, I think the companies used a good deal of horse sense. At the juncture of \$14 billion, as I read it, the cost of producing oil from the Alsands operation would have been so high that the most recent estimates I've seen of international oil pricing would cer-



tainly put the thing in a very, very dubious column. The information I have is that we'd be looking at a price between \$83 and \$90 a barrel, in order to make any money out of the Alsands project.

Mr. Chairman, what I think members of the committee have to reflect upon is that while this was a prudent decision by the companies in April 1982, when the project was estimated at \$14 billion, I don't think the same proposition would have been turned down in October and November 1980, when the estimates were in the neighborhood of \$8 billion. The provincial government can blame Mr. Lalonde, and Mr. Lalonde can blame the provincial government. The fact of the matter is that as a result of the decisions made by this Legislature — one of the provisions of the policy passed in the fall of 1980 was the suspension of any further development, or at least not allowing the go-ahead of the Alsands project. It seems to me that there can really be little doubt that that year and a half delay — or at least a delay until the fall of 1981, when the accord was finally signed — was probably fatal in terms of the economics of the Alsands project. So one of the casualties, if you like, of the bickering between the two levels of government has been this major megaproject in the oil sands region.

As I said at the time — and members can look back in *Hansard* if they wish — Alsands probably made some sense in 1980 at \$8 billion. In the spring of 1982, at \$14 billion — and I don't mind saying this inside or outside the House — the companies looked at the offer and decided it just didn't make any sense for them to invest their money. Frankly I think they rescued the taxpayers of both Alberta and Canada from what would have been a very expensive miscalculation. But now that Alsands — may it rest in peace — is not in the picture anymore, I think we have to ask ourselves what other options exist for development of the oil sands area.

It would seem to me, Mr. Chairman — and the reason I asked questions today on the Syncrude expansion is that that is the obvious immediate move the government has to examine, in consultation with the federal government. It's my understanding that the Syncrude expansion was designed to increase production by that plant. I think the estimated increase would be somewhere in the neighborhood of 70,000 barrels a day. At the estimates I've seen, it would be approximately half the production of the Alsands project, at a much, much lower estimated capital investment cost.

Mr. Chairman, during the course of these estimates — when we go from the general statements, which no doubt will take most of the afternoon, until getting into specific questions this evening — I think it would be useful if both the minister and the member sitting on the Syncrude board would supply the committee with as much information as possible, and certainly more than we got this afternoon in question period, on just where that matter stands. The Member for Olds-Didsbury is quite right. A lot of firms — especially in this city but also in northeastern Alberta, Fort McMurray in particular — have geared up for the Alsands project. Perhaps they shouldn't have, but they did. We're going to see a number of bankruptcies unless we can move forward with some alternative. It seems to me that one of the most practical alternatives that surely should be well into the planning stage at this juncture is the Syncrude expansion. I invite both members to respond: where to from here?

One of the other matters I think we should also discuss was raised by the hon. Member for Bow Valley in his second question today; that is, the possibility of smaller

projects, not only in the oil sands region but more particularly in the heavy oil area of Alberta. We have the ERCB study, February 1982, by Mr. N. Strom: Projections of Alberta Bitumen, Synthetic, and Extra-heavy Oil Developments. This study, released under the auspices of the ERCB, suggests that an alternative to the megaprojects is the smaller mini-projects, you might call them — I believe that's what the ERCB report describes them as — and that the capital costs for these projects — again, I'm taking this from the ERCB report — would be much less. The average would be somewhere in the neighborhood of \$35,000 per barrel of daily production — that includes upgrading — compared with \$100,000 per barrel for the Alsands megaproject.

I say to the members of the committee, Mr. Chairman, that one of the alternatives we should look at when we examine capital expansion would be this ERCB study of February 1982. I ask the minister in this case, because it's not clearly in the purview of the Syncrude board, to respond specifically to that ERCB study.

Mr. Chairman, as we move from the oil sands and the Cold Lake heavy oil, it seems to me that one of the obvious areas we now have to turn our attention to is the heavy-oil fields — Cold Lake is the northern extreme, but largely in the Lloydminster-Wainwright area — where, I'm given to understand, there are something in the neighborhood of 2.5 billion barrels of recoverable crude oil, which is significantly more oil than could be recovered by the Alsands project over its economic lifetime, if not its actual operation existence. Two and a half billion barrels is a lot of oil. But of course heavy oil needs an upgrader. Members in this House are all aware of the fact that we don't have a market for the potential production from the heavy-oil fields.

Co-operation with our neighboring province might even be easier for the government now, as a result of an event a week ago. Co-operation on the construction of a heavy-oil upgrader would be a capital project which might well begin to take up some of the slack of people who are feeling the pinch of Alsands. It would make a good deal of sense for the two provinces to work together on a program that would substantially increase the Lloydminster-Wainwright oil production from those fields, as a result of close interprovincial co-operation.

The one caveat I would stress at this point, because right now no doubt a lot of attention will be given to the heavy-oil fields in the province — I think that goes without saying, as a consequence of Alsands biting the dust — is that I think it is very important that the surface rights of farmers in the area are very well protected and that we not allow the pressures building up in the petroleum industry to sweep away our commitment, or what must be our commitment, not only to the protection of the land on top but especially the water supply of people in that area of the province. I know there's a good deal of concern in the Vermilion-Lloydminster-Wainwright area about the impact on drinking water, where potable water is being used in some of these experimental projects. There's no question that heavy oils offer a major alternative for this government and for the people of Alberta. But I think the point we have to make is that in exploring that alternative, let's not overlook the very definite surface rights of people in the area.

Mr. Chairman, I want to deal with several other areas. Of course we all know we have a surplus of natural gas at the moment. We have a government which says that finding new markets, especially south of the border, is the answer. In view of the softness of that market, I really

wonder whether export of more natural gas is the long-term solution. Frankly I don't think it is. It seems to me there are options we have to explore right here in this province. The government is investigating the feasibility of a natural gas bank, which has been proposed a number of times. The first time I heard the matter being discussed was by Cass-Beggs, who was the former chairman of the Saskatchewan Power Corporation and the person who, more than a decade ago, recommended that one consideration would be the creation of a natural gas bank.

It seems to me that we already have the legislation in place. In 1973, when we passed major legislative changes for oil and gas in this province, we made provision to take our royalty in kind as opposed to taking it in cash. That would make it possible to develop the concept of a natural gas bank. I think the government might well look at taking about one-fifth of our natural gas royalties and putting that in the form of a natural gas bank.

A second area I'd like to suggest that the administration consider at this time is perhaps slightly unique, but not unfeasible; that is, conversion of natural gas to gasoline. Mobil Oil has recently developed a process where high-quality gasoline can be produced directly from natural gas. We have plants using this process operating in both West Germany and New Zealand — just recently, a good deal of discussion over the plant in New Zealand. Mr. Chairman, it may be that the government would want to start by looking at an experiment in this field. But when we have a surplus of natural gas and a demand for fuel, I believe we should examine the New Zealand and West German experience very carefully.

Mr. Chairman, I've already mentioned the question of the heavy-oil fields. The other issue I'd like to leave with members of the committee, when we are discussing policies of a general nature, is market sharing — prorationing. For many years, we had prorationing in this province. When oil was discovered in Leduc, for a while there was no system. But we suddenly found we had a surplus of oil, that our local requirements were not nearly sufficient to meet the production of oil. We didn't have a pipeline to Montreal at the time. So in the mid-50s, we had the creation of a system of prorationing, which was basically the application of the Canadian Wheat Board system to the oil industry, where each well would have an allowable. In my judgment, that worked quite well in terms of our conventional oil industry. I think it kept an industry in place here, which probably would have gone under if it hadn't been for this system of prorationing.

Mr. Chairman, in view of the fact that we now have a surplus of natural gas, it would seem to me that one of the things the government should be looking at is applying to the production of natural gas the principle which was sound enough to operate for many years in our conventional oil fields, bringing in a system of prorationing for natural gas. When I asked the minister about this in the House a few days ago, he suggested it's much more difficult to develop prorationing for natural gas. That may be true. But I don't think the obstacles are insurmountable, at least not from the feedback I have obtained in discussing this with some people in the industry.

We also have the proposal for a differential flowback of export revenue. At the moment, the flowback goes right across the board. While that may seem fair enough, that means that the larger producers tend to benefit most from the flowback on natural gas sales. It seems to me that one of the advantages of the differential flowback — that is, assigning the total amount of the flowback to a certain level of production, again taking almost the same

sort of principle you have in prorationing and applying that on your flowback of revenues — is that your smaller companies would benefit greater. They would have a more enriched flowback. At this stage of the game, they're the ones who are most likely to get under way with substantial drilling activity. It seems to me that rather than an across-the-board flowback, a differential flowback would be a boost to the smaller firms in the industry.

Mr. Chairman, I want to make one further comment before concluding my remarks. We have a number of smaller firms that are facing very difficult circumstances at the present time. While it's fine to say that if they've been turned down by three other financial institutions, they can go to the Alberta Opportunity Company, and if they wait for God knows how long to go through the process, they can borrow some money, I say to the minister that if he has in mind a turnaround as a result of some of these announcements that have been made, particularly the \$5.5 billion incentive scheme, if the minister is genuinely convinced that that is going to lead to a major turnaround in the industry, then it seems to me that we have to look at some kind of gap financing for many of these smaller service companies, which aren't going to be around much longer unless we can somehow bridge that gap. I know that's not directly the responsibility of the Minister of Energy and Natural Resources, but perhaps more the responsibility of the Minister of Economic Development or of Tourism and Small Business. At this stage of the game, one of the components of any economic recovery package or economic resurgence program — call it what you will — should be some form of low-interest loans for service companies.

To summarize the observations I'd like to make with respect to the non-renewable field, let's take a look at what is practical and feasible. It seems to me that at this stage, the only likely area of major development in the next few years will be Syncrude expansion. Where do things stand on that? Our heavy-oil fields offer us considerable opportunity to increase oil production. But it seems to me that that is contingent upon working out an arrangement with our neighboring province so we have a heavy-oil upgrader. We have a surplus of natural gas. What innovative methods is the government examining, including following the example of the New Zealanders and West Germans, with some capital investment in a plant to convert natural gas to gasoline? And finally, Mr. Chairman, with respect to natural gas production in the province, it seems to me that we ought to borrow a leaf from the '50s and apply a system of prorationing and differential flowback for existing export contracts, rather than hoping that with a softer market in the United States, somehow we're going to be able to increase export.

Mr. Chairman, I might just say by way of observation that five or six years ago I remember the firmness — this government can be extremely firm when it wants to be — with which the Premier, the Provincial Treasurer, and the Minister of Energy and Natural Resources were saying there was going to be no truck or trade with the export of natural gas unless we got all these concessions in the areas of petrochemicals and agriculture. Most objective analysts would have to agree that those concessions are a long way down the road. Yet we've changed the tune and are now saying we have to increase exports. But with a soft market, I really wonder how feasible that is going to be. Would it not make more sense to look at facing the reality that the government did in the 1950s and carving

up the market or generating a greater domestic market?

Before closing, I want to say one other thing, and that is not with respect to non-renewable resources but on the question of our ailing lumber industry. I realize there were some very sensitive negotiations, and I don't think this committee would want to prejudice those. However, I believe they have reached the point where we might have a full report in terms of entry into the American market place. That being the case, I would welcome either one minister or the other to do that. I may have some supplementary questions that would follow.

MR. LEITCH: Mr. Chairman, perhaps it would be appropriate for me to respond to the hon. member's questions and comments before moving on to the questions of other hon. members. I'll have to begin by asking the Member for Spirit River-Fairview to give me a little more detail regarding his closing comments, because I didn't follow what he had in mind.

MR. NOTLEY: Mr. Chairman, it's my understanding that there were some fairly sensitive negotiations between Canada and the United States with respect to the export of lumber to the American market. Hearings were to be conducted by the Senate in April, I believe. I think there are some things we should be doing, but I did not want to say anything in this House that might in any way prejudice what is a fairly sensitive situation. If we've got to the point where we can discuss it, I think it would be useful. If not, fair enough.

MR. LEITCH: Mr. Chairman, perhaps I could begin my remarks by responding to that. I'm not aware of negotiations. There were proceedings in the United States, regarding the question of whether there should be an invocation of some unfair trade practices on the part of the Canadian lumber industry as opposed to just the Alberta lumber industry. The issue was whether it was being subsidized in competition to the United States' lumber industry. My memory of those proceedings is that they have been concluded. I'm not sure that the reports are public yet. Therefore I wouldn't want to comment on them until I am sure they are public.

Moving on to the other comments raised by the hon. Member for Spirit River-Fairview, I might begin with his plea that we not close down the Worsley ranger station. Mr. Chairman, I believe the concern of the people in the Worsley-Hines Creek area arose from the fact that we were conducting a review of the operations. But I want to assure members of the Assembly that we do that type of review on a continuing basis to ascertain the efficiency of the existing system, to determine whether we ought to make changes.

In response to a number of representations I received with respect to the Worsley ranger station, on March 25 of this year I wrote to those people who had made representations, saying that we had conducted the preliminary review but assuring everyone that both the Worsley and Hines Creek stations would remain open, with the only changes being reporting procedures. We contemplate putting in place a system where both stations will report to a chief ranger, who would be located at one or the other station. I think that fully responds to the concern the hon. member expressed. As I said, on March 25, I responded to representations by saying it won't be closed. The concern or questions had arisen because people became aware that we were doing a review, but it was the kind of review we do on a regular, ongoing basis.

The second issue raised by the hon. member related to the Alberta government causing a delay in the Alsands project and that's why it didn't proceed. I must say it doesn't come as any great surprise to me that the hon. member would make that argument in this committee. I want to say to him and to the members of the committee that any objective examination of the facts simply doesn't support that submission.

I think it appropriate to review a bit of history. I should begin with the time I assumed the responsibility for this portfolio. At that time, we made a decision, which was really a continuation of a practice that had gone on before, that we were going to ensure we would do everything to maintain the construction schedule of the Alsands consortium. Shortly after I assumed the portfolio, our government took a number of actions to carry out that intention. One of them was to retain Mr. Getty, the former Minister of Energy and Natural Resources. One of his responsibilities was to have discussions with the Alsands consortium and Esso Resources Limited regarding the agreements under which those two projects would proceed. There I'm referring to agreements between the project owners and the government of Alberta. We did that to ensure there would be no delay because of a change in ministers.

In addition to that, Mr. Chairman, Alsands had filed its application to the Energy Resources Conservation Board. Before we could really deal with the commercial terms, we had to know the nature and scope of the project that was going to be approved by the board, assuming it was in fact approved. Members of the committee will recall that the Energy Resources Conservation Board took what was an unusual step in endeavoring to speed up the approval process and, as I recall, came forward in mid-1979 with preliminary approval of that project. That was followed, in the last days of 1979, by a final report, which indicated that the Energy Resources Conservation Board would approve the project.

Mr. Chairman, we then come to the period after the election and change of federal government. Members of the committee will recall that we were then engaged in discussions and negotiations with that government, all of which were designed to lead to an acceptable fiscal regime as to both pricing and taxation, that would enable the Alsands project to proceed. As members of the committee will be aware, those discussions were unsuccessful.

We come to the date to which the hon. member refers. That occurred immediately after October 28, 1980, when the federal government introduced its national energy program. As I follow the hon. member's arguments, he's saying: you should then have endeavored to negotiate with the federal government a separate agreement with respect to Alsands and the Cold Lake project. I simply want to ask members of the committee: how reasonable a supposition is that; how reasonable an argument is that?

The hon. member will recall that during the discussions I've referred to, that took place during 1980, we began with a price of \$25 per barrel for oil sands production. Gradually that was moved upward until the price proposed on October 28, 1980, was \$38 a barrel, as I recall, plus consumer price index increases. It was absolutely clear, and I don't think any member of this committee would argue, that on that proposal, plus the taxation proposals contained in the budget of October 28, 1980, oil sands projects could not proceed. So there had to be changes.

The hon. member argued that you could have negotiated those changes and negotiated a movement upward

to the international price, which was essential for those projects to be considered viable. I simply pose the question to members of the committee: how realistic an argument is that? How realistic is the expectation that one could then have entered into a separate negotiation with respect to the Alsands projects and moved them from the price and taxation regime set out in the budget, to a price and taxation regime that would have enabled the projects to proceed? In my view, there is no reasonable expectation that such an agreement — that is, one on those terms — could have been negotiated, subsequent to October 28, any earlier than we were able to negotiate those terms in the agreement of September 1, 1981.

When hon. members consider the likelihood of our being able to negotiate such a separate agreement, they have to bear in mind that in the budget of October 28 and in the national energy policy, the Syncrude agreement, which called for international prices with respect to production from Syncrude, was set aside. In considering the likelihood of being able to negotiate a separate agreement, one has to keep in mind the atmosphere, which included setting aside the agreement that provided international prices for Syncrude, setting aside the budget which provided a price of \$38 plus consumer price increases, and reducing the taxes proposed in the budget. Mr. Chairman, in my judgment the chances of negotiating such an agreement in a time frame shorter than September 1, 1981, were extremely minimal.

Even if hon. members argue that one could have done it, the question remains: assuming you could have done it, would the participants have proceeded? That is a question members of the committee ought to reflect upon. Remember what the national energy program and budget did. They very, very significantly reduced the cash flow of the participants in that project. Any suggestion that those companies would have been prepared to proceed in the face of that reduction, even if we had been able to negotiate a separate agreement, is unreasonable in my view.

Summing up the points I wish to make in respect of that contention by the hon. Member for Spirit River-Fairview, I'd say that even if one were to say that we should not have taken the action the government of Alberta did in an effort to bring the federal government back to the negotiating table, in my view the chances of negotiating an agreement that the participants would have been prepared to proceed upon in ordinary circumstances and then having them proceed, in light of their restricted cash flow as imposed by the October 28 budget, are extremely remote.

Mr. Chairman, I've entirely left aside the question of whether it was appropriate to take that action. I have no reservations whatsoever in saying to members of the committee that it was appropriate to take the action we did, which was to announce that we were withholding approval of further oil sands projects until we could negotiate an agreement. Remember, Mr. Chairman, a mechanism had to be put in place by this government to bring the federal government back to the negotiating table. What does the hon. Member for Spirit River-Fairview argue that that mechanism should have been?

Two things were done by this government which brought the federal government back to the negotiating table. One was the decision with respect to further oil sands projects; the other was with respect to reduction of conventional production. My memory is that the hon. Member for Spirit River-Fairview was opposed to that action as well. I simply say to him, Mr. Chairman, how

did he propose to get the federal government back to the negotiating table? Those two actions were key in bringing them back to the negotiating table. There's no question that by bringing them back, we were able to negotiate a successful energy agreement on September 1. How the hon. Member for Spirit River-Fairview proposed to bring them back is beyond my comprehension.

Mr. Chairman, in respect of the hon. member's argument about delay, remember this government and the Alsands consortium did a good deal of work during the period between October 28, 1980, and September 1, 1981, and in subsequent months, to ensure that there wasn't a delay in that project. For example, we continued our discussions with them on commercial terms. We made all the decisions with respect to having in place some components of the necessary infrastructure, including such things as building a road.

The consortium didn't stop; they didn't go into hibernation. The consortium kept doing the work they would have done even if approval and agreement had been reached in late 1980. They continued to work in respect of that project. The government facilitated their doing that work. They wanted to do certain work on the site, and we issued the approvals required to carry out that work. So to leave the impression that nothing was done to move the project along in its anticipated normal time frame during that period, is quite in error and quite contrary to the facts.

Finally, Mr. Chairman, and I think the members of the committee need to keep this very much in mind: even if the project had been approved a number of months ago or in 1980, today you would still have the question of whether the project was going to proceed. All members of the committee are familiar with the circumstances encountered in Syncrude. The decision was made to proceed. They proceeded apace for a period of time. I've forgotten the precise time frame — a year and a half or two years or so. Then came that critical point in time when you have to make the final decision as to whether you're going to continue with the project. In the Syncrude case, that occurred when ARCO decided to withdraw. We were in very similar circumstances as we are today with Alsands. Only in Syncrude's case, the project was much farther along.

I'd simply call the attention of members of the committee to the comments made in this respect yesterday, I believe, by Mr. Daniel, president of Shell Canada Limited. I think it's worth quoting. In answer to questions, Mr. Daniel said: if the project had been approved two years ago, there would have been an improved probability that the project could go ahead today, but I cannot say it would have gone ahead. So, Mr. Chairman, while I anticipated the hon. Member for Spirit River-Fairview making that argument, and it's an argument one would expect to hear from members of the opposition, I think that any objective examination of the facts simply doesn't support it.

The hon. member made a number of other observations during his comments, and I'll endeavor to respond to them. One of them dealt with Syncrude expansion. I don't know that I can add anything to what I said during question period in the House today. As a government, we encourage it. But the decision to proceed with expansion would be made by the participants. Certainly when and if the participants approach the government of Alberta with respect to expansion, we will be supportive of it and prepared to enter into negotiations and discussions that from our part would lead to a reasonable basis on the

expansion proceeding.

The hon. member referred to small projects and left the impression that we should now turn our attention to those. I simply want to say that it's not a question of turning our attention to them. We have always been and will continue to be supportive of them. It has not been a case of not having our attention on the smaller projects or being supportive of them during the past years because we had the Cold Lake and Alsands projects on the drawing board. We have always been supportive of the smaller projects. There has been a good deal of work by a number of companies, by the government through the Alberta Oil Sands Technology and Research Authority, and by the Energy Resources Conservation Board, as the hon. member pointed out in his comments with respect to these projects. But the factual position is that as of this date, none of the sponsors of those projects has come forward and said, we are ready to build. I certainly hope that will occur, and we will do anything we can do to accelerate that decision on the part of project developers.

The hon. member referred to an upgrader project. Again I simply want to bring to the attention of committee members the fact that in a very significant way we have been encouraging the development of the feedstock for an upgrader. We've done that by a royalty system and by the pricing mechanism for heavy oils. I'd simply refer members of the committee to a number of comments by companies indicating that a very favorable regime is in place in Alberta for the development of the heavy oil feedstock for the upgrader. Certainly we would encourage the building of an upgrader, but to this date no one has come forward. A number of companies are looking at it seriously, but none has come forward prepared to build it. Over the past years, we've endeavored in a very significant way to encourage it by providing a very favorable taxation and pricing regime under the energy agreement with respect to the heavy oil feedstock.

The hon. member also referred to not relying on exports of natural gas, and described the markets in the United States as being soft. Mr. Chairman, I want to stress to members of the committee that it's a mistake to look at the whole United States as one market in respect of natural gas, because the marketing situation in different parts of the United States varies very substantially between one part of the United States and another. Because of its price, the natural gas currently going into the western United States, particularly into California, is meeting great resistance from competing fuels: electricity in the northwest and an excess supply of heavy fuel oils. So the price competition from alternate energy sources in that area is very, very severe. But you can turn to other areas in the United States where an entirely different situation exists. As I recall, there is now before the National Energy Board something like 13.5 trillion cubic feet of applications by United States customers. A number of those are on firm take or pay commitments and would begin taking volumes of natural gas very quickly.

So it's a mistake to refer to the soft United States market as if the whole United States were one market. It isn't. The opportunities to market natural gas in the United States will vary very significantly from one part of the United States to another. In addition to that, we have a number of applications that have either already been made or will be made to market natural gas, in a liquified form, outside North America. So I think the hon. member's comments about a natural gas bank ought to be considered in light of what I just said about potential natural gas markets. In partnership with industry, we

have under way a study into not a natural gas bank but rather a natural gas storage facility. But as the hon. Premier indicated at the time of our announcement on April 13, we would only contemplate proceeding with that if it is a sound economic decision for the people of Alberta.

There may be ways in which it would be a sound economic decision. The existence of such a storage facility might well increase the volumes of natural gas that the National Energy Board found surplus to long-term Canadian requirements and therefore available for export. Alternatively, natural gas from such a facility might be used to provide peaking requirements for United States customers. That's a matter we're continuing to study and hopefully will have some preliminary studies completed in the near future. But I do think we should bear in mind the caveat that we're supportive of it only if it makes economic sense for the people of Alberta.

The hon. member argues that we should adopt a prorationing system for natural gas. That has been raised on occasion during my term in this portfolio. I've never categorically rejected it, although I have great reservations about it. It's quite wrong to equate the prorationing of oil, which we had for a number of years in Alberta, with the prorationing of natural gas and argue that the two are the same. They're very, very different. For one thing, historically and certainly during the period of the prorationing system in Alberta, oil was purchased on short-term contracts. We introduced the prorationing system without having to break any contracts. In contrast, natural gas is marketed on long-term contracts. We could only introduce a prorationing system if we set aside all those long-term contracts. I'm sure that is not a decision any member of this committee would want to take lightly. In addition, Mr. Chairman — and I referred to this when the hon. member asked me questions about it a few days ago — this would involve a massive addition of administrative people in the Energy Resources Conservation Board. It would be an extremely difficult administrative task.

I heard his comments with respect to the differential flowback. It seems to me that you're involved in very serious questions of equity if you — and this is the result of the hon. member's comments as I follow them — say we will pay a different price for your natural gas, depending on how much you as a company produce.

Mr. Chairman, with respect to the comments about converting natural gas to gasoline, that is not something I've been approached to support. I'd certainly be prepared to consider it. I suspect serious questions of economics are involved in that at this stage. But it may be something that has promise down the road, and I would certainly be prepared to examine it closely.

Finally, Mr. Chairman, the hon. member referred to some gap financing for service firms. I think he quite properly suggested in his comments that that might be more appropriately referred to another minister. I simply stress to members of the committee that in our judgment, the program announced on April 13, 1982, will provide a very significant and major boost to the service firms. I'm happy to advise members of the committee that we have received very favorable and supportive response to that program from the industry. We've done a lot of work with them in developing the guidelines for the program. It has been very enthusiastically received and, in our judgment, will go a very long way to solving or at least alleviating the very serious difficulties that components of the service sector found themselves in.

Mr. Chairman, I believe that responds to all the points raised by the hon. member.

MR. TOPOLNISKY: Mr. Chairman, I have two questions for the Associate Minister of Public Lands and Wildlife. First, are there any plans to upgrade and expand the various grazing lands in northeastern Alberta, and to what extent, so the farmers of the area can increase their cattle herds. Secondly, about a year ago I filed the Report of the Select Committee on Recreational and Commercial Fishing Industries in Alberta. To date, there has been no opportunity to debate the report in the Assembly. We certainly have some important recommendations in this report. Were any of these recommendations that are of a non-capital nature implemented — for example, the commercial fishing licences — or perhaps the capital nature one of freight assistance at Fort Chipewyan?

Mr. Chairman, I now make reference to the 1982 Budget Address, page 20: "Planning will begin for a fish hatchery in [northeast] Alberta." Could the associate minister enlarge on this statement? What are the plans, and is the minister in a position today to explain whatever plans they have in mind?

Thank you.

MR. MILLER: Mr. Chairman, the questions of the hon. Member for Redwater-Andrew are very important. With regard to grazing lands, as you're probably aware we have the Crown land improvement program, which is being financed under the Heritage Savings Trust Fund, whereby we do an appraisal of Crown lands which we and the lessee feel should be upgraded, not only to provide greater carrying capacity for the person who wants to graze his cattle but also to increase the capability for wildlife to have grazing. In these plans, which are developed on a regional basis, we have the lessee submit a request that he be allowed to partake of the range improvement program. He makes a request, and this request is referred to a committee composed of persons involved with the lands department as well as the wildlife department. Along with the input from the farmer, they do an appraisal as to the amount of upgrading that should be done on the lands.

Because of the vast increase in the encroachment of brush on much of the parklands, this program has proven very, very successful. We are able not only to accomplish greater carrying capacity, but also to increase the amount of wildlife that is able to be part of the overall picture, as it were. Generally speaking, consideration is given to leaving select areas of a parcel to accommodate not only the wildlife that want to have places to live, but also to provide escape routes. So they're able to utilize the area and also have greater grazing than they had when it was left in its natural state.

[Mr. Hiebert in the Chair]

These programs are ongoing. Our consideration is based on those who need them the most. We are satisfying that need. We're now looking at the overall aspect, whereby we look at the land and base it on the need of the land to be upgraded as well as the need for the individual who wants to increase his carrying capacity. As well, I might point out that we have the grazing reserve program. As you know, grazing reserves have been established throughout most of northern Alberta to accommodate farmers who want to get started in the cattle business

or increase their herds. These are very important for those people, particularly those who have a small group of cattle and want someplace to pasture them for the summer so that their own deeded land can be used to provide feed for the winter.

In regard to the select committee's report on fisheries, of which the hon. Member for Redwater-Andrew was chairman, it is very extensive and well prepared. We have been following this report in some of the recommendations we're bringing forward, and some enhancement programs we have, to be able to increase fishing opportunities throughout Alberta. As you're probably aware, the brood stock station has been in operation on the Raven River at Caroline for the last few years. We hope to be able to have the Allison Creek brood stock station in operation this year. We're making some improvements to the Sam Livingston Fish Hatchery in Calgary, to be able to accommodate the increased number of eggs being produced. As well, we are looking at the potential for putting rearing stations not only on Lake Wabamun, but also on the Clearwater River. The Lake Wabamun facility has been in operation. We are doing a feasibility study on the one on the Clearwater River, to see if we have the right quality and amount of water. We'll be able to utilize it to rear fish, not only for Kananaskis Country, where we have a put-and-take system, but for the rest of Alberta as well.

A study was conducted last year, and we are looking into the potential for a fish hatchery to be established in northern Alberta. Some sites and recommendations have been brought forward, and we will be announcing the location sometime early this summer.

With regard to freight allowance, I would just point out that a week ago today, I had the opportunity to be at the Freshwater Fish Marketing Corporation plant at Transcona, just outside Winnipeg. At that time, I put forward the request that consideration be given to equalizing the freight rate for all fish delivered to the plant. This would be a distinct benefit to the people of Alberta and the Northwest Territories, in that they would pay less freight. In fact, freight would be equalized for all fish delivered to the plant.

As you are probably also aware, this past year we have had a problem with cysts in whitefish in Slave Lake. We've had to bring in a program to compensate people who fish whitefish that are of cutter grade, rather than the continental. We have had a subsidy in place for them.

Mr. Chairman, I hope I've answered the member's concerns. If not, I am prepared to answer further questions.

[Mr. Purdy in the Chair]

DR. BUCK: Mr. Chairman, one or two points to the Minister of Energy and Natural Resources. With regard to the sale of Crown leases — I'm sorry; if this has been asked before, the minister can tell me and I'll read it in *Hansard*. Lease sales declined by 28.3 per cent in 1980-81, relative to '79-80. Can the minister indicate what he foresees in lease sales, and will lease sales going down be an ongoing thing? Secondly, I asked a question on the use of atomic energy as a heat source to develop the tar sands by using the *in situ* method. Those are the two questions I'd like to ask. The minister can answer them now, or when we come to the appropriate section of the estimates.

MR. LEITCH: Mr. Chairman, perhaps I could deal with the first one now. As I indicated in question period, I'd

like to do some more checking on the question relating to atomic energy. I have had some correspondence with respect to that, but I'm not sure it dealt with the issue the hon. member has raised, which is a heat source. In any event, I'll check it and respond to that later on.

Mr. Chairman, I have some optimism that lease sales will increase. I think the decision we made and announced on April 13 is going to have a very significant impact on industry activity, which I think will be reflected in the amount, in the sense of both acreage and dollars, in relation to lease sales. I simply underline — and I don't think anyone disagrees with this — that the pricing and royalty regime that Alberta has put in place with respect to new oil, makes it extremely attractive to explore for new oil within the province of Alberta. I'm referring to oil which receives the new oil reference price. That, coupled with the geological prospects of this province, which are superior to other areas in which exploration is going on, is a very attractive incentive for the industry within Alberta.

MR. BORSTAD: Mr. Chairman, I have a couple of questions. I think they probably end up in both departments, and maybe either one could answer the question when he's closing.

It seems that the snowpack in forested areas this winter was not conducive to preventing forest fires. It's my understanding that this coming season we're in as bad shape as last year. I wonder if the minister might comment on that.

That same snowfall drove wildlife out of the mountains and down to some of the more settled areas. Because of that, has the damage fund of the minister's department increased? What impact has that had on the department? Also, because of that same winter snowfall's effect on the calving season for moose, is any consideration being given to shortening the season this fall? I have had representation from the county of Grande Prairie; they're concerned about some areas within the county, because of the deep snow and the loss of calves.

Because of economic conditions in the province and the loss of jobs, and the need to restore much of our timber resource which has been lost over the years to forest fires, especially in the last couple of years, has any consideration been given to a major reforestation program which would satisfy the two needs: reforestation and also creating jobs for students and maybe other people in the province who could be looking for jobs when our unemployment rate is increasing?

Also, what is the time line on the Shell pilot plant at Peace River, and Gulf, north of Wabasca? Will they continue to be pilot projects? When do they come into a position where they start to produce, or whatever they're going to do?

MR. LEITCH: Mr. Chairman, perhaps I could respond to those questions that relate to my areas of responsibility. With respect to the two projects the hon. member has referred to, I can't give him a definitive time line. I will do some checking to see whether there is any up-to-date information in the department, but I doubt there is. I certainly haven't been informed of any definitive time line when those projects might change from their present character to a different character.

On the question of the outlook for the forest fire season, I wouldn't want to make any predictions. It's safe to say that the department is preparing itself in anticipation of a serious forest fire season again this year. In

short, we are assuming the worst, preparing for the worst, and hoping it will be much less severe than has been the case in the past two years. I should add that we have materially improved, and there are funds in the budget for forest fire prevention capability. For example, we have added some attack crews and some aircraft. We've also added what I am hopeful will be a very significant improvement in lightning detectors, which will now indicate the direction and approximate location of lightning strikes. That enables us to have the aircraft fly in that direction the morning after an evening storm and along the indicated distance, which is going to give a much greater focus to our surveillance by aircraft. Funds were provided by special warrant for that in the late fall, as I recall, and additional funds are provided in the budget.

With respect to reforestation, under the program funded by the Alberta Heritage Savings Trust Fund we are of course carrying on very significant reforestation in a number of areas, including areas that have been burned over. The hon. member suggests we might increase what we're doing in that area. I'm not sure we have the capability to do that, in the sense that one limiting factor would be the stock for reforestation from our nursery. Members of the committee will recall that we very significantly expanded the capacity of that nursery just recently. As far as I'm aware, we are using all we are able to produce in reforestation but, again, I'll check into that.

MR. MILLER: Mr. Chairman, with regard to the moose season, I would answer that we are contemplating shortening that season by one week. Instead of September 15, it will be September 22 in big game unit 3 and wildlife management unit No. 510.

Death from starvation generally is not as bad this year as in other years. Southern Alberta is considerably better than normal. In the St. Paul area, northeast of Edmonton, it's probably increased 5 per cent over what it might normally be, and the rest of the province is considered normal. As you're probably aware, one problem is the number of ticks on wildlife, particularly moose. They've counted as many 20,000 on one animal. How to control ticks on these animals is a concern. Usually they weaken the animal to the extent that it starves to death. It's a very large contributing factor to the death of many of our ungulates.

In regard to our damage fund, we're most concerned with the prevention aspect. We supply fencing, so that farmers can fence their stacks to keep them from depredation by animals. We have a damage fund and, to the best of my knowledge, it's still in pretty good shape.

MR. KESLER: Mr. Chairman, as of the events of last week, I think many members are, or at least should be, concerned at the direction of the Energy and Natural Resources Department of this government. As I review the events of the last two years — Alsands, Cold Lake, and the conventional industry — I find myself wondering if members of the Energy and Natural Resources Department aren't perhaps trying for early retirement, in fact early retirement of the total department. It seems to me that the responsibility of the Minister of Energy and Natural Resources is to guarantee that the oil industry, one of the most vital industries in Alberta, continues to function at an adequate level. As well, the minister's function is to guarantee that those involved in that industry, who are dedicated to improvement in this province, have a place to go with their company.

As we review the events, and recognize that the federal

government will take the brunt of criticism for the failure in the energy agreements, I wonder if there isn't a lesson there for many cabinet ministers. As negotiations have broken down, and the spirit of the agreements has broken down, it appears that the federal government did its homework. The Prime Minister travelled throughout the world and perhaps knew more about the future of the oil industry on a worldwide scale than did those representing the industry from Alberta. Perhaps, as they negotiate, they should learn to read the small print, so that the people of this province don't always come out with the short end of the stick.

Over and over again, on and off again, we hear policy decisions from the minister and his department. First it's Ottawa's fault that negotiations break down. One day the program is going ahead; the next day the program is backing off. Many times in this Legislature, we've heard what a great deal the September energy agreement was. I'd like to read a statement concerning the September agreement by a very reputable individual in the industry. His first statement:

High expectation followed by disappointment and frustration.

That's the kind of reaction we, in industry, experienced as we studied the September 1 Ottawa Alberta Memorandum of Agreement . . .

The individual goes on to say that he wishes to review some of the principles of the agreement so there might be an improvement in the conditions facing the industry. He goes on to explain that greater specific emphasis has to be put on by the provincial government to protect the Alberta junior oil companies that make up, or have been responsible for, 75 per cent of all the exploration in this province over the last few years; junior oil companies, made up of Albertans, that are disappearing every day.

Mr. Chairman, we hear there's going to be an upturn. We once heard statistics that lease acquisitions are down 28 per cent. A review of percentages of seismic activity has always been a good indicator of increased activity. I know those percentages are readily available to the public and, as I've said, they're positive or negative indicators of where the oil industry is going. We keep hearing about an upturn; however, the seismic activity clearly shows a 25 per cent reduction in the last year. When are these agreements, which are so positive for Alberta, going to start to have an effect, so that these companies can survive?

We have small Alberta junior oil companies disappearing, yet we have an Alberta company called Alberta Energy. I certainly recognize that public shares are available in Alberta Energy. However, the government of this province certainly initiated and basically controls the operations of that company. It seems to me that when Alberta Energy was first implemented, it was to go where the private sector couldn't — words from this government — for example, the Suffield Block. By their manual, we see Alberta Energy today competing in gas and oil, pipelines, coal, petrochemicals, forestry, and other activities. Another statement in the manual reads:

Additional plans for increased oil and gas exploration activity are being developed at this time.

Alberta junior oil companies going under, and Alberta Energy planning more expansion: rather a sad state of affairs when tax dollars are being taken from the private sector, and destroying that private sector, to support government corporations.

Mr. Chairman, we've heard about a \$5.4 billion resurgence program for the oil industry; we heard about \$250

million going into the service sector. But the \$250 million to the service sector will only help those who are currently working. What about those who aren't working? As you drive through Alberta today, you see the signs — I'm not talking about road signs — all the way from the southern border to northern Alberta: hundreds of rigs racked throughout this province, along the highways. It's spring break-up, so you expect to see a few rigs racked. But you've never seen rigs racked like that in this province, for five years. And there's no future for that iron. There's no place for them to go. Some of them have already stated they don't have contracts in sight for as long as two years; millions of dollars tied up, high interest rates, and no work.

Mr. Chairman, I don't think the government of the province can have all the answers. But I hope they're open to some suggestions from industry. I'd like to review with the hon. minister a program that was presented as a news release the other day, and ask that he consider that program, as it's been widely circulated and accepted by many in the industry as an opportunity to put the service industry and the Alberta junior oil companies back to work immediately. As we were going to use billions of dollars of heritage trust funds over a long period of unpredictable term, this program has a safety factor built into it. I hope the hon. minister would at least consider parts of it, or make modifications where need be, to get the industry working.

The objective is as stated, to get people back to work tomorrow so they don't lose their equipment, and so we don't fall farther behind in reserves — that security we've heard this government talk about many times, the future of Albertans. The method is easy. The government would loan \$750 million to Alberta junior oil companies with less than \$50 million in assets and reserves. It's not a subsidy or a grant. It's a loan guaranteed by the reserves of those companies who accept the loans. With gas being discounted at 30 per cent and oil at 20 per cent, and as the interest rate announced for the Alsands deal was sounded at 11 per cent, I'm sure the industry would be tickled to death with that, and maybe even 2 or 3 per cent higher would be acceptable. I'm sure they'd be open to negotiation.

A number of companies would be involved in the drilling program. There are over 200 junior oil companies currently in existence in this province; however, not for much longer. The hon. members of the government continue to say, bring something positive forward. I think that's fairly positive, Mr. Chairman. I think it's very positive at this time, where they don't have to wait. The long-term program was announced: \$5.4 billion. Let's look after the short term, or there won't be any need for a long-term program.

[Mr. Appleby in the Chair]

Mr. Chairman, I'd like to speak on another area before I sit. Many times this government has gone to Ottawa and dealt in energy negotiations. Many times they've come back to Alberta saying they've struck a good deal, and then later we hear that the spirit of the agreement was broken. I'd like to ask the hon. Minister of Energy and Natural Resources if at this time they would consider taking action as severe as the federal government has taken against the lifeblood of Alberta. Will they consider limiting the amount of involvement in this province by Petro-Canada and other federal Crown corporations to the extent that they're limited in the percentage of control



in land sales and in drilling operations, so they know that Alberta is tired of having its resources confiscated through taxation?

Surely, Mr. Chairman, there must be an end to the rape and pillage of the oil industry in this province by the federal government. Surely it's the responsibility of the Minister of Energy and Natural Resources in Alberta to defend the people and their industry, and get the thing back on the road.

Thank you.

DR. BUCK: Mr. Chairman, I have to be away this evening, so I'd like to direct some questions to the associate minister. I would welcome it if the minister would indicate if he has heard from people concerned about the use of the Blackfoot grazing reserve for snowmobiles. I believe the minister has a letter from a gentleman, a Mr. Twerdoff, who has made it public. There are pages and pages of concerns. I'd like to know from the minister what the timetable is, when something's going to happen, if there's going to be further involvement by the people in the area who are going to be affected by the changes, and the entire philosophy of what the department is trying to do in the Blackfoot grazing reserve.

Many concerns have been expressed to me, and I'm taking the opportunity to express them to the members of the committee. I think this is one situation where, as far as I can tell from the concerns expressed to me, not proceeding with too much haste would be very, very advisable. If those questions can be answered this afternoon, that's fine; if not, I'll read them in *Hansard*. But I felt it was very important that the people of Alberta who, through their taxes, are funding the Blackfoot grazing reserve project, and the people going to be affected by it, know the plans for that reserve.

MR. MILLER: Mr. Chairman, I appreciate the concerns expressed by the hon. Member for Clover Bar, not only today but in previous questions he's asked in the Legislature, and which on other occasions he's directed to me personally. I think it's fair to say that because of the potential for a multi-use concept, the planning that has gone into and is going into the Blackfoot grazing reserve has to be the most extensive that has ever taken place in the province of Alberta. The primary reason we are looking at establishing a grazing reserve is because of requests we had from the Blackfoot Grazing Association, which felt that, with the encroachment of brush, their potential for grazing cattle was diminishing every year. So they came to the province and asked if consideration could be given to establishing a grazing reserve.

We welcomed this approach and, thereby, set out to plan a multi-use concept, at which time various user groups were contacted and a conceptual plan of what might be developed on the grazing reserve was established. In this regard, we had cross-country skiers, snowmobilers, naturalists, and those people who felt they had a direct interest in what could be developed for their multi-use concept. I might say that we have had representations from these various groups, and from them we have attempted to develop a more detailed plan in which we outline the various areas and what could be done for each and every group.

One of the concerns the Member for Clover Bar brought to my attention was that of the snowmobile group. Initially we had designed certain specific areas where they would be able to operate. They came back with a request for the establishment of trails. We hope we

will be able to sit down and accommodate some of their needs, but not totally so, because of the wildlife aspect and the need to afford some protection to wildlife at certain times of the year, particularly during the calving period.

Another concern expressed by the Member for Clover Bar was on behalf of the Islet Lake acreage owners, who had a concern that one access point for recreational people to the grazing reserve would be right next door and close to their subdivisions. We have taken this into consideration, and our planning team is working on the aspect where we will be able to more or less design the facility so it will have minimum impact on the people who live in that area. Generally speaking, right now we are in a position where the planning team is meeting with various user groups and getting their concerns together. We hope to have these plans more or less finalized later this year. I appreciate the member's concern, and it is our concern as well, that we not be too hasty in developing the plan in order that all the user groups and their specific interests can be dealt with.

DR. BUCK: A supplementary question to the hon. minister. When the final plan is in place, would the minister agree to an opportunity for people in the area and other concerned groups to have a look at the entire master plan, and give it a further go? If there's anything the citizen and taxpayer just doesn't go along with, it's when he feels he still doesn't get the final opportunity to get his two cents' worth in before it's go. I think it's only good politics. It's responsible listening on behalf of the department and the government; it's not a matter of life or death. I'm sure the project can be modified. Nothing is going to be carved in stone. It's just plain, good, grass roots politics, Mr. Minister, plain and simple. The minister comes from a rural area. He knows what grass roots are all about; that's what keeps you in, or gets you out. It's that simple. Listening and giving people the opportunity to respond is what gets governments in, or gets them out.

I would like to say to the minister that I feel it's only fair, only right, that when the master plan is just about ready to go, the people in the area be given a final opportunity to express their wishes. I certainly make that representation. I'm sure the minister, being a reasonable man, will provide the leadership: not let the department lead the minister, but the minister lead the department, and give those people the opportunity to have a look at the final plan before it is ready to go.

MR. MILLER: Mr. Chairman, we'll certainly do that. There's no question that there are many points of view with regard to this specific plan. As the hon. member says, it's only fair and fitting that the citizens who are going to be utilizing the area be given a final opportunity before we start developing it.

DR. BUCK: One final supplementary. There's been quite a criticism that the people have not really been able to get information. I've had the matter brought to my attention several times that brochures and information did not get out. I was at several meetings where a list of citizens' names was taken, and they said that only about seven or eight copies of some of the interim reports were sent out. Again, Mr. Chairman, we get back to basic grass roots politics. I think it's only fair that citizens know what is going on. I would like to see the minister's department make sure there is adequate information, adequately dis-

seminated, so people know and do not have the excuse that the department did not let them know what the proposals were.

MR. MILLER: Mr. Chairman, we'll certainly look into that and see that the information is forthcoming.

MR. LEITCH: Mr. Chairman, I simply wanted to say to the hon. Member for Olds-Didsbury that I'd be happy to trade insults with him, if that's the way he wishes the debate to proceed in this Assembly. But it's always been my observation that the people who send us here expect a somewhat different level of debate than that, and so I will avoid that. What I thought was remarkable about his speech was the total absence of facts or evidence on which he based his allegations.

DR. BUCK: He doesn't need facts.

MR. LEITCH: That's apparent.

I'm simply going to make two observations, Mr. Chairman. The first is that I'd ask the hon. member if he can refer to a time in the history of this province when the oil and natural gas industry was as buoyant as it was during our term of office. I don't know of one. I don't think he can find one. We recognize the value of that industry to this province, and I think that recognition was amply demonstrated in the announcement by the hon. Premier on April 13 last. I should simply point out to him, too, in connection with his reference to Alsands, that he quite misunderstood the factual position. There was nothing in the Alsands offer that referred to money being loaned to Alsands at 11 per cent. In fact no loan at all was involved in that offer. It was a loan guarantee. I thought I made it very clear during the discussions in question period in the Assembly that (a), it was a loan guarantee, and (b), it would be at the prevailing rates. In response to a question from the Member for Calgary Buffalo, I believe, as to how we arrived at the maximum liability we thought the province of Alberta would be under, pursuant to the loan guarantee, I gave the figure \$3.7 billion, and said that was assuming an 11 per cent interest rate over the lifetime of the loan. That had nothing to do with any loan by the province of Alberta, and I made it very clear that the loan would be by the Alsands consortium, guaranteed by the province of Alberta, and we were using an assumed interest rate of 11 per cent over the lifetime of the loan to calculate the maximum exposure under the loan guarantee. Again, I clearly indicated in response to those questions that that wasn't the expected interest rate today if the project had proceeded, but rather was the interest rate that on average we thought would apply over the lifetime of the loan.

I do want to make two comments in response to the hon. member's suggestion of loans to junior oil companies. Certainly my preliminary reaction — but I'll give some more thought to it — is that one of the things the smaller companies do not need at the moment is additional debt burden. I gather that the hon. member is proposing a loan at the going interest rates, because I've heard his comments about being in opposition to handouts. Of course, if one made a loan at less than a going interest rate, that is a handout. [interjection] As I say, I'll give some further thought to it, but certainly my impression is that additional debt burden isn't the solution for companies now having difficulty. We are working very hard and will continue to work at perhaps getting some

changes in federal policies that will assist those companies. We are working very hard and will continue to work very hard on enhancing their opportunities to market natural gas. Certainly the absence of a natural gas market contributes to their problems in a major way.

I must say, too, that I was struck by the absence in the hon. member's comments of any reference to general economic conditions, world and North American economic conditions, that are having an impact on the industry, such as interest rates and the general lack of confidence preventing these companies from raising equity funds which, to a substantial degree, are what they relied on to carry out their very important exploratory and development work within the province.

Finally, Mr. Chairman, with respect to Petro-Canada, I merely draw to the member's attention that so far as we the government of Alberta are concerned, Petro-Canada competes in the province on the same terms and conditions as any other company. Again, it may be useful to draw to the hon. member's attention that under the proposal given to the Alsands group, the federal government would have paid provincial royalties and provincial taxes in the same way as other members of that consortium.

#### Agreed to:

1.1.1 — Minister's Office	\$244,141
1.1.2 — Associate Minister's Office	\$148,837
1.1.3 — Deputy Ministers' Offices	\$742,657
1.1.4 — Government Relations	—
1.1.5 — Internal Audit	\$298,224

Total Vote 11 — Central Support Services	\$1,433,859
--	-------------

1.21 — Financial Accounting	\$3,405,722
1.23 — General Services	\$4,721,368
1.26 — Financial Management	\$101,146
1.27 — Financial Planning and Control	\$720,612
Total Vote 12 — Financial Services	\$8,948,848

1.32 — Personnel Services	\$2,150,445
1.34 — Information Services	\$1,355,330
1.38 — Computer Services	\$933,732
Total Vote 13 — Administrative Support Services	\$4,439,507

1.41 — Legal Services	\$140,494
1.42 — Scientific/Engineering Services	\$2,046,577
1.43 — Energy Resources Research Fund	\$77,362
1.44 — Economic/Financial Services	\$941,027
1.45 — Energy Conservation	\$1,428,477
1.46 — Administrative Support	\$146,031
Total Vote 14 — Policy and Advisory Services	\$4,779,968

Total Vote 1 — Departmental Support Services	\$19,602,182
--	--------------

2.1 — Program Support	\$604,909
2.2 — Resource Evaluation	\$11,553,361
2.3 — Resource Planning	\$880,535
Total Vote 2 — Resource Evaluation and Planning	\$13,038,805

3.1 — Mineral Dispositions	\$8,037,752
3.2 — Mineral Revenue	\$5,098,847
Total Vote 3 — Minerals Management	\$13,136,599

4.1 — Program Support	\$28,681,016
4.2 — Forest Land Use	\$6,246,092
4.3 — Reforestation and Reclamation	\$9,104,552
4.4 — Timber Management	\$8,333,591
4.5 — Forest Protection	\$21,189,490
4.6 — Forest Research	\$1,800,268
Total Vote 4 — Forest Resources Management	\$75,355,009

5.1 — Program Support	\$5,304,688
5.2 — Land Disposition	\$2,075,120
5.3 — Land Management	\$11,126,568
Total Vote 5 — Public Lands Management	\$18,506,376

#### 6 — Fish and Wildlife Conservation

MR. MILLER: If I could just correct a mistake I made in response to the Member for Grande Prairie when I mentioned the shortening of the moose season. I mentioned big game zone 5. That should read big game zone 3.

Agreed to:

6.1 — Program Support	\$5,304,635
6.2 — Wildlife Services	\$4,773,986
6.3 — Fisheries Services	\$4,547,974
6.4 — Public Service and Enforcement of Resource Regulations	\$6,356,695
6.5 — Conservation Education	\$1,283,700
6.6 — Habitat Protection and Management	\$3,770,034
Total Vote 6 — Fish and Wildlife Conservation	\$26,037,024

Total Vote 7 — Oil Sands Equity Management	\$1,652,391
--	-------------

Total Vote 8 — Foreign Ownership of Land Administration	\$466,033
---	-----------

Total Vote 9 — Surveying and Mapping Services	\$8,006,096
---	-------------

Total Vote 10 — Petroleum Incentives	\$10,908,745
--------------------------------------	--------------

Total Vote 11 — Oil Sands Research Fund Management	\$2,908,000
--	-------------

Total Vote 12 — Petroleum Marketing and Market Research	\$5,738,100
---	-------------

Department Total	\$195,355,360
------------------	---------------

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

[Motion carried]

MR. CRAWFORD: Mr. Chairman, maybe I could deal briefly with House business for hon. members. In order to deal with the supplementaries, it would be necessary to pass, while we're sitting in the Assembly, Motion No. 13, which declares the number of sitting days to consider the supplementary estimates. Because of that, I suggest we now report out of committee and return in the Assembly at 8 o'clock in order to pass that, if members agree to have it heard at that time. The intention would then be to

call the Department of Energy and Natural Resources supplementaries.

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

[Motion carried]

[Mr. Speaker in the Chair]

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

Resolved that for the fiscal year ending March 31, 1983, sums not exceeding the following be granted to Her Majesty for the Department of Energy and Natural Resources: \$19,602,182 for departmental support services, \$13,038,805 for resource evaluation and planning, \$13,136,599 for minerals management, \$75,355,009 for forest resources management, \$18,506,376 for public lands management, \$26,037,024 for fish and wildlife conservation, \$1,652,391 for oil sands equity management, \$466,033 for foreign ownership of land administration, \$8,006,096 for surveying and mapping services, \$10,908,745 for petroleum incentives, \$2,908,000 for oil sands research fund management, \$5,738,100 for petroleum marketing and market research.

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

HON. MEMBERS: Agreed.

#### head: GOVERNMENT MOTIONS

13. Moved by Mr. Crawford:

Be it resolved that the Committee of Supply be called on not more than three sitting days to consider the Supplementary Estimates of Expenditure (A), 1982-83.

[Motion carried]

MR. CRAWFORD: Mr. Speaker, I had indicated to hon. members that passing Motion 13 would put us in a position to begin to deal with supplementary estimates. The proposal now is that this evening we will deal with the supplementary estimates of the Department of Energy and Natural Resources and, if there's time, go to the Treasury Department. The order of business after that would be Treasury estimates and the special warrants, which are part of the main estimates.

Mr. Speaker, I move that when members reassemble at 8 o'clock, the Assembly be in Committee of Supply, and that the House now adjourn until the Committee of Supply rises and reports.

MR. SPEAKER: Do the members agree?

HON. MEMBERS: Agreed.

[The House recessed at 5:28 p.m.]

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

head: COMMITTEE OF SUPPLY

[Mr. Appleby in the Chair]

MR. CHAIRMAN: Would the committee please come to order.

**Supplementary Estimates of  
Expenditure (A), 1982-83**

**Department of Energy and Natural Resources**

MR. CHAIRMAN: The estimates are on page 8 in the booklet that was circulated to all hon. members. Are there any questions or comments regarding these estimates?

Agreed to:

3.3 — Oil and Gas Service Industry Incentives	
3.3.1 — Well Servicing Incentive Program	\$250,300,000
3.4 — Financial Assistance for Al sands Project	
3.4.1 — Grants to Businesses	\$4,000,000
Total Vote 3 (a) — Minerals Management	\$254,300,000

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

[Motion carried]

**Advanced Education and Manpower**

Agreed to:

3.1 — Manpower Development	
3.1.5 — Special Manpower Programs	\$10,000,000
Total Vote 3 (a) — Manpower Development and Training Assistance	\$10,000,000

MR. HORSMAN: Mr. Chairman, I move that the supplementary estimate vote be reported.

[Motion carried]

**Treasury**

Agreed to:

3.0.2 — Rebates	\$47,000,000
Total Vote 3 (a) — Revenue Collection and Rebates	\$47,000,000

MR. HYNDMAN: Mr. Chairman, I move that the vote be reported.

[Motion carried]

**Treasury**

MR. HYNDMAN: Mr. Chairman, by way of a few introductory remarks, I'd just like to say very briefly that I think Albertans can be very proud of the high calibre of work that has been done by Treasury, particularly in the last year. Whether you're talking about the budget team or the investment, tax, finance, debt collection, risk management, revenue, or economic group, they've all been very productive and capable administrators. They have frequently worked evenings and weekends. In my

view, they've provided quality advice and excellent administration for Albertans over the past year.

Before continuing into the detail of the estimates — and I'd be pleased to answer any questions — I'd like to advise the committee of a change in policy with respect to one of the divisions of the Alberta Heritage Savings Trust Fund, a change which has recently been decided upon and which I think is of current interest. Members will recall that during the meetings of the Alberta Heritage Savings Trust Fund select Legislature committee last fall, and indeed over the past number of months, there have been discussions regarding the status of the Canada investment division of the Alberta Heritage Savings Trust Fund. Members will know that approximately 17 per cent of the heritage fund is now invested in this Canada investment division.

These loans to other provinces are, in my view, sound investments, and we all know that each investment bears interest at the commercial or market rate applicable at the time the investment was made. Payments of interest and principal back to the province of Alberta should total, in this year alone, about \$245 million. The investments which have been made under this division at interest rates which yield up to 18.1 per cent are backed by, I guess, the best credit in the country; that is, the present and future taxpayers of the borrowing provinces.

I'd advise the committee that after carefully weighing all the circumstances, bearing in mind the economic downturn now facing Albertans and the need to finance the Alberta economic resurgence plan, the government has decided to suspend indefinitely the continuation of the Canada investment division loans. In the foreseeable future, needed Alberta programs will use all the available funds. Members will recall that the amounts invested in these loans to other provinces and their Crown corporations totalled about \$600 million in 1980, and that figure was reduced to approximately \$400 million in 1981.

Mr. Chairman, I'd be pleased to answer any questions.

MR. GOGO: Mr. Chairman, with regard to the comment just made by the Provincial Treasurer regarding the Canada investment division of the Heritage Savings Trust Fund, there's no question that the interest payable to Albertans is a very important consideration, looking at the future obligations of this province. I think members of the committee are well aware, but it's perhaps important for the citizens to be aware of that.

One question, Mr. Chairman. With regard to the obligations of these other provinces, do they have the right to pay off the debt they owe to the province of Alberta at any given time? For example, borrowing \$100 million over a 25-year term at, for the sake of argument, 17.95 per cent, do they have the opportunity of retiring that debt at a quicker rate than what's spelled out? That's a question that's come to me fairly often.

MR. HYNDMAN: Mr. Chairman, in order to be accurate with respect to each debenture, I'd like to check over the terms of each debenture. Normally with respect to investments of this kind, there is a prepayment charge which reflects the loss the borrower must undergo in a case like that. But I will check that out, with respect to the various loans, and let the hon. member know. That's a very important question.

Agreed to:

1.01 — Provincial Treasurer's Office	\$211,200
1.02 — Deputy Provincial	

Treasurer's Office	\$941,100	Total Vote 3 — Manpower Development and Training Assistance	\$5,066,534
1.03 — Administrative Support	\$1,761,400		
Total Vote 1 — Departmental Support Services	2,913,700	Department Total	\$13,179,034
		<b>Department of Agriculture</b>	
Total Vote 2 — Statistical Services	\$2,286,900	Total Vote 1 — Departmental Support Services	\$13,154,200
Total Vote 3 — Revenue Collection and Rebates	\$41,786,300	Total Vote 2 — Production Assistance	\$153,050,000
4.1 — Financial Management and Planning	\$29,175,700	Total Vote 3 — Marketing Assistance	\$1,575,000
4.2 — Employee Insurance and Compensation	\$3,406,000	Total Vote 4 — Rural Development Assistance	\$1,800,000
Total Vote 4 — Financial Management, Planning and Central Services	\$32,581,700	Total Vote 5 — Agricultural Development Lending Assistance	\$5,000,000
Total Vote 5 — Public Debt Service	\$24,484,000	Department Total	\$174,579,200
Total Vote 6 — Public Service Pension Policy	\$400,533	<b>Attorney General</b>	
Department Total	\$104,453,133	Total Vote 1 — Departmental Support Services	\$300,000
MR. HYNDMAN: Mr. Chairman, I move that the vote be reported.		Total Vote 2 — Court Services	\$1,473,000
[Motion carried]		Total Vote 3 — Legal Services	\$490,700
MR. CHAIRMAN: There's also a vote for salary contingency on page 455.		Total Vote 4 — Support for Legal Aid	\$399,000
Agreed to:		Department Total	\$2,662,700
Salary Contingency	\$96,000,000	<b>Consumer and Corporate Affairs</b>	
MR. HYNDMAN: Mr. Chairman, I move that the vote be reported in respect to the salary contingency.		Total Vote 4 — Regulation of Securities Markets	\$1,100,000
[Motion carried]		Department Total	\$1,100,000
		<b>Culture</b>	
<b>Special Warrants</b>		Total Vote 1 — Departmental Support Services	\$30,121
MR. CHAIRMAN: We have a number of supplementary estimates. These start on page 423 of the estimates.		Total Vote 2 — Cultural Development	\$1,113,601
Agreed to:		Total Vote 4 — International Assistance	\$2,200,000
<b>Legislative Assembly</b>		Department Total	\$3,343,722
Total Vote 1 — Support to the Legislative Assembly	\$12,039.43	<b>Economic Development</b>	
Total Vote 3 — Office of the Ombudsman	\$27,000	Total Vote 1 — Economic Development and International Trade	\$1,353,000
Total Vote 4 — Office of the Chief Electoral Officer	\$3,800,388	Total Vote 2 — Financing — Economic Development Projects	\$14,260,000
Department Total	\$3,839,427.43	Department Total	\$15,613,000
<b>Advanced Education and Manpower</b>		<b>Education</b>	
Total Vote 1 — Departmental Support Services	\$450,000	Total Vote 1 — Departmental Support Services	\$180,000
Total Vote 2 — Assistance to Higher and Further Educational Institutions	\$7,662,500		

Total Vote 2 — Financial Assistance to Schools	\$4,157,000	Total Vote 3 — Government Transportation	\$635,000
Department Total	\$4,337,000	Total Vote 4 — Supply	\$108,830
<b>Energy and Natural Resources</b>			
Total Vote 1 — Departmental Support Services	\$23,281,059	Total Vote 5 — Public Affairs	\$761,000
Total Vote 3 — Minerals Management	\$10,500,000	Department Total	\$6,031,830
Total Vote 4 — Forest Resources Management	\$73,335,000	<b>Hospitals and Medical Care</b>	
Total Vote 6 — Fish and Wildlife Conservation	\$125,000	Total Vote 1 — Departmental Support Services	\$378,000
Total Vote 7 — Oil Sands Equity Management	\$400,000	Total Vote 3 — Financial Assistance for Active Care	\$73,498,406
Total Vote 12 — Petroleum Incentives	\$3,122,600	Total Vote 4 — Financial Assistance for Long-term Chronic Care	\$7,270,437
Department Total	\$110,763,659	Department Total	\$81,146,843
<b>Environment</b>		<b>Housing and Public Works</b>	
Total Vote 2 — Pollution Prevention and Control	\$48,181,000	Total Vote 7 — Mortgage Assistance	\$9,700,000
Total Vote 4 — Water Resources Management	\$21,300,000	Department Total	\$9,700,000
Total Vote 6 — Land Assembly	\$8,000,000	Labour	
Department Total	\$77,481,000	Total Vote 4 — Industrial Relations Adjudication and Regulation	\$25,000
<b>Executive Council</b>		Department Total	\$25,000
Total Vote 2 — Occupational Health and Safety	\$200,000	<b>Municipal Affairs</b>	
Total Vote 4 — Support to Native Organizations	\$500,500	Total Vote 2 — Financial Support for Municipal Programs	\$442,180
Total Vote 5 — Personnel Administration	\$405,000	Total Vote 3 — Alberta Property Tax Reduction Plan — Rebates to Individuals	\$875,000
Total Vote 6 — Natural Sciences and Engineering Research	\$500,000	Department Total	\$1,317,180
Total Vote 10 — Disaster Preparedness and Emergency Response	\$1,103,150	<b>Recreation and Parks</b>	
Department Total	\$2,708,650	Total Vote 2 — Recreation Development	\$51,640,500
<b>Federal and Intergovernmental Affairs</b>		Total Vote 3 — Provincial Parks	\$159,928
Total Vote 1 — Intergovernmental Co-ordination and Research	\$230,000	Department Total	\$51,800,428
Department Total	\$230,000	<b>Social Services and Community Health</b>	
<b>Government Services</b>		Total Vote 2 — Social Allowance	\$10,100,000
Total Vote 2 — Building Operations and Maintenance	\$4,527,000	Total Vote 3 — Child Welfare Services	\$5,703,000
		Total Vote 7 — Services for the Handicapped	\$860,000
		Total Vote 8 — Treatment of Mental Illness	\$600,000
		Total Vote 9 — General Health Services	\$6,800,000

Department Total \$24,063,000

#### **Solicitor General**

Total Vote 2 — Correctional Services \$1,150,000

Total Vote 3 — Law Enforcement \$1,440,000

Department Total \$2,590,000

#### **Tourism and Small Business**

Total Vote 2 — Development of Tourism  
and Small Business \$55,000

Department Total \$55,000

#### **Transportation**

Total Vote 2 — Construction and  
Maintenance of Highways \$47,543,000

Department Total \$47,543,000

#### **Treasury**

Total Vote 4 — Financial Management,  
Planning, and Central Services \$2,300,000

Total Vote 5 — Public Debt Service \$435,389

Department Total \$2,735,389

#### **Utilities and Telephones**

Total Vote 1 — Departmental Support  
Services \$55,000

Department Total \$55,000

MR. HYNDMAN: Mr. Chairman, I move that the supplementary estimates of expenditure for the fiscal year ended March 31, 1982, be reported.

[Motion carried]

MR. CRAWFORD: Mr. Chairman, I move that the committee rise and report.

[Motion carried]

MR. CHAIRMAN: We have a little problem. The Speaker doesn't seem to be in the building at the present time. My suggestion for handling the situation would be that somebody would take the Chair and I would report. That person then would ask if the Assembly agrees with the report. If agreement is reached, I could take over the Chair and carry out the rest of the proceedings for the evening.

I would suggest that, having briefed the Member for Edmonton Gold Bar several times on what has to happen in these situations, perhaps he would take the Chair.

AN HON. MEMBER: Don't let it go to your head.

[Mr. Hiebert in the Chair]

MR. APPLEBY: Mr. Speaker, this is going to take a little while. The Committee of Supply has had under consideration certain resolutions and reports as follows:

Resolved that further sums not exceeding the following be granted to Her Majesty for the fiscal year ending March 31, 1983, for the purposes and departments shown: for the Department of Energy and Natural Resources, \$254,300,000 for minerals management; for the Treasury Department, \$47,000,000 for revenue collection and rebates; and for the Department of Advanced Education and Manpower, \$10,000,000 for manpower development and training assistance.

Resolved that there be granted to Her Majesty for the fiscal year ending March 31, 1983, sums not exceeding the following for the department and purposes indicated: for the Treasury Department, \$2,913,700 for departmental support services, \$2,286,900 for statistical services, \$41,786,300 for revenue collection and rebates, \$32,581,700 for financial management, planning and central services, \$24,484,000 for public debt service, \$400,533 for public service pension policy, and \$96,000,000 for salary contingency.

Resolved that sums not exceeding the following be granted to Her Majesty for the fiscal year ended March 31, 1982, for the purposes and departments shown: \$12,039.43 for support to the Legislative Assembly, \$27,000 for the office of the Ombudsman, and \$3,800,388 for the office of the Chief Electoral Officer; under the Department of Advanced Education and Manpower, \$450,000 for departmental support services, \$7,662,500 for assistance to higher and further educational institutions, and \$5,066,534 for manpower development and training assistance; under the Department of Agriculture, \$13,154,200 for departmental support services, \$153,050,000 for production assistance, \$1,575,000 for marketing assistance, \$1,800,000 rural development assistance, and \$5,000,000 for agricultural development lending assistance; for the Department of the Attorney General, \$300,000 for departmental support services, \$1,473,000 for court services, \$490,700 for legal services, and \$399,000 for support for legal aid; under the Department of Consumer and Corporate Affairs, \$1,100,000 for regulation of securities markets; under the Department of Culture, \$30,121 for departmental support services, \$1,113,601 for cultural development, and \$2,200,000 for international assistance; for the Department of Economic Development, \$1,353,000 for economic development and international trade and \$14,260,000 for financing — economic development projects; for the Department of Education, \$180,000 for departmental support services and \$4,157,000 for financial assistance to schools; for the Department of Energy and Natural Resources, \$23,281,059 for departmental support services, \$10,500,000 for minerals management, \$73,335,000 for forest resources management, \$125,000 for fish and wildlife conservation, \$400,000 for oil sands equity management, and \$3,122,600 for petroleum incentives; for the Department of the Environment, \$48,181,000 for pollution prevention and control, \$21,300,000 for water resources management, and \$8,000,000 for land assembly; for Executive Council, \$200,000 for occupational health and safety, \$500,500 for support to native organizations, \$405,000 for personnel administration, \$500,000 for natural sciences and engineering research and \$1,103,150 for disaster preparedness and emergency response; for the Department of Federal and Intergovernmental Affairs, \$230,000 for intergovernmental co-ordination and research; under the Department of Government Services,

\$4,527,000 for building operations and maintenance, \$635,000 for government transportation, \$108,830 for supply, and \$761,000 for public affairs; under the Department of Hospitals and Medical Care, \$378,000 for departmental support services, \$73,498,406 for financial assistance for active care, and \$7,270,437 for financial assistance for long-term chronic care; under the Department of Housing and Public Works, \$9,700,000 for mortgage assistance; under the Department of Labour, \$25,000 for industrial relations adjudication and regulation; under the Department of Municipal Affairs, \$442,180 for financial assistance for municipal programs and \$875,000 for Alberta property tax reduction plan — rebates to individuals; under the Department of Recreation and Parks, \$51,640,500 for recreation development and \$159,928 for provincial parks; for the Department of Social Services and Community Health, \$10,100,00 for social [allowance], \$5,703,000 for child welfare services, \$860,000 for services for the handicapped, \$600,000 for treatment of mental illness, and \$6,800,000 for general health services; for the Department of the Solicitor General, \$1,150,000 for correctional services and \$1,440,000 for law enforcement; for the Department of Tourism and Small Business, \$55,000 for development of tourism and small business; for the Department of Transportation, \$47,543,000 for construction and maintenance of highways; for the Treasury Department, \$2,300,000 for financial management, planning and central services and \$435,389 for public debt service; and for the Department of Utilities and Telephones, \$55,000 for departmental support services.

MR. ACTING DEPUTY SPEAKER: Having heard the report, do all hon. members agree?

HON. MEMBERS: Agreed.

MR. ACTING DEPUTY SPEAKER: I might add that acting as the Speaker, I ought to give a report with the number of notes I have received.

[Mr. Appleby in the Chair]

MR. CRAWFORD: Mr. Speaker, I would like to ask for unanimous consent of the Assembly to make the following motion. I've not given notice. It's a routine one in regard to a Bill that stands at third reading and needs to be brought back to committee in order that some amendments might be proposed. I move that Bill No. 36, the Alberta Corporate Income Tax Amendment Act, 1982, not now be read a third time but that it revert to Committee of the Whole.

[Motion carried]

head: **GOVERNMENT BILLS AND ORDERS**  
(Second Reading)

**Bill 34**  
**Mobile Home Sites Tenancies Act**

MR. ZAOZIRNY: Mr. Speaker, I'm pleased to have this early opportunity to move second reading of Bill No. 34, the Mobile Home Sites Tenancies Act. I would like to take a very brief moment to outline the purposes of the Bill which, as indicated at the time of introduction, are first of all to recognize the intrinsic differences between

the traditional landlord/tenant relationship and that which exists between a mobile-home owner and mobile-home park operator and, secondly, to provide some reasonable rules that will provide protection, if you will, to the tenants while preserving the proprietary rights of the landowner.

Mr. Speaker, I believe a very brief history of the proposed legislation would be in order. In 1978 the Institute of Law Research and Reform completed a very extensive study, and at that time recommended a model Bill for passage by this Legislative Assembly. In the fall of 1980 this Legislature debated Bill 219, which in fact was a substantial embodiment of the principles contained in the institute's model Bill. Since that time, there has been considerable public comment and discussion from all sectors of the community and interested parties. Of course in the throne speech this spring we had notice that the government would be bringing forward legislation in this area, so there has been a very significant and substantial amount of discussion leading up to Bill No. 34.

Very briefly, the particulars of the Bill include the following. In recognition of the somewhat unique circumstances of the mobile-home owner, I think it should be pointed out that mobile homes, notwithstanding their definition, are in fact not very mobile at all. As well, the mobile-home owner has a very substantial investment in their home, while renting the pad upon which it is situated. In recognition of those circumstances, the Bill will provide for extended notice periods, moving from the present three-month period contained under the Landlord and Tenant Act, under which mobile-home owners are presently bound, to a six-month period with respect to both notice of rental increase and notice of termination. That is contained in Section 5 of the proposed Bill.

As well, the tenant will be assured of an initial 12-month term. In other words, in the absence of a substantial breach of the tenancy agreement by the mobile-home owner, the park owner will be obliged to allow the mobile-home owner to maintain the site for an initial term of some 12 months. Similarly, if there is a change of use proposed by the mobile park owner, such as redevelopment into some other type of housing project, if notice is given to a tenant or tenants for that purpose, the notice period again will be increased to 12 months. That is very much akin to the present law in respect of condominiumization of an existing apartment building where the normal time frame is three months under the Landlord and Tenant Act, but where there is a condominiumization which will displace a number of residents at one time, that time frame is doubled. A similar provision is contained in Bill 34.

With respect to the extended notice periods, it should also be mentioned that in an improvement upon the model Bill proposed by the Institute of Law Research and Reform, the Bill provides that if the park owner, as stipulated in the legislation, will be obliged to provide a six-month notice period to the tenant with respect to vacating the premises or the pad, then similarly it's only appropriate and fair that the tenant must provide a two-month notice period to the park owner with respect to vacating the pad. Again, in a very definite attempt to be fair and equitable, during that initial 12-month tenancy period, the mobile-home owner would be required to give a four-month period of notice to vacate the site, even if they are operating under a month-to-month tenancy. It should be mentioned that we are talking specifically about mobile homes situated in mobile-home parks, which are defined under the legislation.



A further important provision of the legislation deals with the right to assign the lease of the pad. Section 22 of the Act provides that while the landlord or park owner is entitled to require their consent to an assignment of that mobile home site, that consent cannot be unreasonably withheld. That provision is very much in keeping with the common law with respect to rights of assignment. This section, in combination with another subsection of Section 22, deals with the rather dubious practice of charging what has been called a commission. This practice, evolved by some of the mobile park operators in the province, has led to situations where even if the park operator has not provided any real service with respect to the sale of a mobile home by the owner of that home and the assignment of the rights of the lease of the site to a purchaser, some park operators have been extracting a commission. This legislation would prohibit such a practice.

However, it should be noted that if at the time a mobile-home owner wishes to sell his or her home, that mobile-home owner voluntarily determines to enter into an agreement with the park owner because the mobile-home owner believes that the park operator provides a good and effective service for the purpose of selling that home, then that of course would be permitted by the legislation. In other words, the intention of that section is to ensure that the agency agreement entered into between the park owner and the home-owner is a voluntary one in which there are services received for the commission charged.

There are other provisions of the Act dealing with changes to the rules. Of course there is normally a set of rules in place in every mobile-home park. Section 18 of the legislation stipulates that the rules must be brought to the attention of the home-owner at the time of entering into the tenancy agreement, and can only be changed upon reasonable notice and if those rules do not substantially alter the tenancy agreement.

Mr. Speaker, I believe those are the major provisions of this Bill, which it is contended will strike a reasonable balance between adequate protection for the mobile-home owner and the preservation of the proprietary rights of the landowner. I'd be pleased to respond to any questions.

[Motion carried; Bill 34 read a second time]

**Bill 19**  
**Oil and Gas Conservation**  
**Amendment Act, 1982**

MR. LEITCH: Mr. Speaker, I move second reading of Bill No. 19, the Oil and Gas Conservation Amendment Act, 1982. The fundamental principles of this Bill are, firstly, to add a jurisdictional capacity to the Energy Resources Conservation Board and, secondly, to introduce a new and simplified system for the Energy Resources Conservation Board to raise from the oil and natural gas industry that portion of the board's costs that are borne by the oil and natural gas industry.

With respect to the first principle, as matters now stand, if a licensee — that is, someone who has a licence to drill an oil or natural gas well — wishes to obtain access to the well site, he must first of all apply to the Energy Resources Conservation Board for the well site location. After having done that, if he is unable to reach an agreement with the landowner with respect to entering upon the land, as to both location and compensation, he would apply to the Surface Rights Board. The proposed

amendment would enable the Energy Resources Conservation Board to prescribe the location of the road. In my judgment, Mr. Speaker, that will simplify access procedures from the point of view of both the land surface owner and the person who has the right to explore for the minerals under the land. That occurs because one may have a situation where the surface rights owner and the mineral owner have agreed upon compensation, but they are unable to agree upon either the location of the well or the access road to the well. As matters now stand, the parties would have to appear before the Energy Resources Conservation Board to obtain a ruling as to the location of the well and then go to the Surface Rights Board to obtain a decision as to the location of the access road to the well. In those circumstances the matter is now simplified, and the parties would need only appear before the one board; that is, the Energy Resources Conservation Board.

[Mr. Speaker in the Chair]

In addition, Mr. Speaker, when one is trying to determine the location of a well site and of the access road, there is often a question of which comes first. If you're able to determine the location of the well, that may point to a specific or different location for the access road. Or putting it another way, the location of the well may determine the location of the access road. When those two decisions are being made by separate boards, it's obviously very difficult to have the two boards arrive at as practical a solution as one board. Mr. Speaker, in my submission this proposed change will be beneficial not only to the surface rights owners but to the mineral owners.

Mr. Speaker, the second principle of the Bill is to alter the system under which the Energy Resources Conservation Board now assesses and raises its share of the board's costs from the industry. At present, the system provides for the fees to be levied against the owner, in the case of wells on freehold property, and against the leaseholder, in the case of wells on Crown leases. We propose to change that under the legislation to have the assessment levied against the operator of the well, and also to change the system of determining the amount to be paid by the well operator. Under the present system, which is rather cumbersome, the Energy Resources Conservation Board projects the revenue from the property, less operating costs over a period of 20 years. They then reduce that number to its present value and apply a mill rate to the present value. The proposed change would merely provide for the Energy Resources Conservation Board to fix a fee for the particular well. That is going to be much simpler from both the industry's and the board's point of view. Rather than go through what is a relatively complex and occasionally controversial method of calculation — which has to be done by industry as well as the board, because industry wants to check the board's calculation — the levy will now be assessed simply on the basis of the well, with different categories of wells bearing different levies.

Mr. Speaker, we have reviewed the proposed changes with the Independent Petroleum Association of Canada and the Canadian Petroleum Association. I understand that both associations are supportive of the change.

In conclusion, I urge members of the Assembly to support the two principles of this Bill. Both simplify administrative procedures and make matters simpler for landowners and companies in the oil and natural gas

industry. I'm sure that's a concept everyone in the Assembly wholeheartedly supports.

[Motion carried; Bill 19 read a second time]

**Bill 20**  
**Coal Conservation**  
**Amendment Act, 1982**

MR. LEITCH: Mr. Speaker, I move second reading of Bill No. 20, the Coal Conservation Amendment Act, 1982.

Mr. Speaker, the purpose of this Bill is to simplify administrative procedures in respect of proceedings by the Energy Resources Conservation Board. As the legislation now stands, before the board can issue certain permits, licences, or approvals, it must refer them to the Minister of the Environment for his approval. The amendments propose that the Minister of the Environment may direct that a certain type of application not be referred to him for approval. In addition, the Minister of the Environment is authorized to empower an employee of the department to exercise the powers conferred upon the minister by that section. Mr. Speaker, the object is to avoid having to refer to the Minister of the Environment a number of very simple, routine applications which the board is continually dealing with. Of course it remains within the discretion of the Minister of the Environment as to what types of applications he may direct not to be referred to him.

[Motion carried; Bill 20 read a second time]

**Bill 38**  
**Pension Statutes Amendment Act, 1982**

MR. HYNDMAN: Mr. Speaker, I move second reading of Bill No. 38, the Pension Statutes Amendment Act, 1982. Although this Bill looks fairly long, in fact it proposes a number of amendments, all of them similar to the six separate pension statutes within the jurisdiction of the province.

There are a number of technical corrections with respect to the calculation of pensionable service, an issue which has been amended very frequently in this Legislature. Also, there is discretion within the various boards to make quasi-judicial decisions with respect to the determination of prior service for pension purposes.

As well, with respect to each of the six pension boards listed in it, the Bill provides for administrative and policy advisory functions to operate side by side, in tandem, within the Treasury Department. The objective is to try to ensure that those for whom the system is designed, those who now receive pensions and who will be receiving pensions — remember that those are, in effect, deferred salary — have the most efficient and convenient delivery system. We hope that by making this administrative change, delivery of those pensions and answering of inquiries will all take place in the most efficient way possible.

Lastly, the Bill reinstates what was a deletion from the *Revised Statutes of Alberta 1980* when they were consolidated. There is a difference of opinion among lawyers as to whether or not it was necessary, within the revised statutes, to state that payment of all benefits, pensions, and other amounts payable was guaranteed by the Crown in the right of Alberta. It seems to me that if there is any doubt, we should err on the side of making it absolutely

clear to those who are the present and future beneficiaries of pensions that yes, their pensions are guaranteed by the Crown in the right of the province of Alberta. Those are the principles of the amendments, Mr. Speaker.

[Motion carried; Bill 38 read a second time]

**Bill 40**  
**Public Utilities Board**  
**Amendment Act, 1982**

MR. CRAWFORD: Mr. Speaker, I move second reading of Bill No. 40. This Bill primarily addresses the fact that for many years the Public Utilities Board has had a very rigid system of appointment and removal of members, size of the board, and the number of part-time members who might be considered for service on the board from time to time or on one of its panels.

Looking at the existing legislation, hon. members will know that this legislation still carries in it the rather extraordinary provision that members can be removed only upon an address of the Legislative Assembly. That is virtually an archaic type of provision. What is proposed here is that members' terms of office be as flexible as the order in council would make the appointments.

I think that's important, Mr. Speaker. Quite often a well-qualified candidate is interested in being appointed to the board for a period of time which is something less than the virtual career length of 10 years that the present statute provides. It's true that a person in those circumstances could agree to be appointed and then resign before his term was up. But if that's the intention, it should be possible to have the greater flexibility to begin with.

The question of part-time members should be very useful to the board. At present, they are limited to three. I think it would be much better if there was the opportunity of appointing more than three members on a part-time basis and, once again, making use of the talents and resources that might be available in that way.

A few collateral amendments are covered at the same time, Mr. Speaker. I might note that for members who are already serving and have been appointed under the system which provided for the 10-year appointments, there is a transitional provision which provides that they will not be affected by the new legislation. Therefore there is no intention to do away with any rights in regard to holding office on the part of existing members.

I think the references in the proposed amendments to delegation of certain powers by the Lieutenant Governor in Council are a practical operating type of provision. The minister responsible may then do certain things in regard to remuneration in particular of people who may be appointed without reference to the entire cabinet, having been given authority by the cabinet in the first place by way of delegation of powers. Once again, I suggest that that is a suitable procedure in the circumstances.

[Motion carried; Bill 40 read a second time]

head: **GOVERNMENT BILLS AND ORDERS**  
(Third Reading)

[It was moved by the members indicated that the following Bills be read a third time, and the motions were carried]

No.	Title	Moved by	
27	Jury Act	Crawford	available tomorrow afternoon under Government Designated Business, we would be continuing to deal with matters on the Order Paper. There are a couple of Bills available for second reading, and hopefully all the items standing at committee could be addressed. There will be the introduction, if hon. members agree, of the appropriation Act in regard to the supplementary estimates, notice of which will appear, I believe, in Votes and Proceedings tomorrow. The appropriation Act for the main estimates is on notice, and it will be introduced. If hon. members think it useful, there may be the suggestion that those Bills be moved more than one stage in one day.
29	Financial Administration Amendment Act, 1982	Hyndman	
32	Election Finances and Contributions Disclosure Amendment Act, 1982	Reid	
24	Farm Implement Act	Magee	
35	Special Waste Management Corporation Act	Cookson	
39	Election Finances and Contributions Disclosure Amendment Act, 1982 (No. 2)	Reid	

MR. CRAWFORD: Mr. Speaker, it's not proposed that the Assembly sit tomorrow evening. So far as time is

[At 9:13 p.m., on motion, the House adjourned to Tuesday at 2:30 p.m.]

