

**LEGISLATIVE ASSEMBLY OF ALBERTA**

Title: **Monday, May 9, 1983 2:30 p.m.**

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

**PRAYERS**

[Mr. Deputy Speaker in the Chair]

**head: INTRODUCTION OF VISITORS**

MR. KOWALSKI: Mr. Speaker, for the sixth time in the past 10 years, a group of young people from Lorne Jenken high school in Barrhead have become the provincial Reach for the Top champions. Lorne Jenken high school's sensational record of academic achievement began in 1973, when its Reach for the Top team won both the provincial and national championships. Provincial championships were won in 1976, 1977, 1979, 1982 and, several weeks ago in Calgary, Lorne Jenken high defeated Bishop Carroll high school of that city to become the 1983 winners. Barrhead's team will represent Alberta in the national championships, which will be held in Toronto during the week of May 14 to 21, 1983.

Mr. Speaker, I can think of no more suitable ambassadors for Alberta than the Reach for the Top team from Lorne Jenken high school. It is my pleasure today to introduce to you and to all members of the House the members of the team. All are in your gallery, Mr. Speaker. As I call out their names, I ask them to rise: Miss Brenda Waddle, Mr. Ian Wallace, Mr. William Campbell, and Mr. David Ushko, and the coach of the high school team, Mr. James Cantwell. I ask that all members of the Assembly give the group a send-off that will assist them in returning to Alberta with the 1983 Canadian Reach for the Top championship.

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

MR. STILES: Mr. Speaker, the Select Standing Committee on Private Bills has had under consideration the following Bills and recommends to the Assembly that they be proceeded with: Bill Pr. 1, the Alberta Wheat Pool Amendment Act, 1983; Bill Pr. 3, the Calgary Convention Centre Authority Amendment Act, 1983; and Bill Pr. 8, The Sisters of Charity of Providence of McLennan Amendment Act, 1983.

**head: INTRODUCTION OF BILLS****Bill 224  
Provincial Pensions  
Liability Reporting Act**

MR. NOTLEY: Mr. Speaker, I request leave to introduce Bill No. 224, the Provincial Pensions Liability Reporting Act.

The principle contained in Bill No. 224 is to implement the recommendation of the Auditor General with respect

to listing all unrecorded pension liabilities backed by the province of Alberta.

[Leave granted; Bill 224 read a first time]

**Bill 55  
Real Property Statutes  
Amendment Act, 1983**

MR. CRAWFORD: Mr. Speaker, I ask leave to introduce Bill No. 55, the Real Property Statutes Amendment Act, 1983.

The purpose of this Bill is to clarify certain provisions of the Builders' Lien Act and the Land Titles Act with regard to witnessing documents presented to the Land Titles Office for registration. The Bill will allow the reinstatement of previously invalidated builders' liens, subject to a procedure involving intervening bona fide interests in the event of liens which have already been discharged. Secondly, it will clarify provisions of the Land Titles Act in order that the whole question of witnessing documents, with respect to a large number of documents, will be clarified.

[Leave granted; Bill 55 read a first time]

**head: TABLING RETURNS AND REPORTS**

MR. CRAWFORD: Mr. Speaker, I'd like to table copies of the annual report of the Department of the Attorney General for the year ended March 31, 1982.

**head: INTRODUCTION OF SPECIAL GUESTS**

MR. NELSON: Mr. Speaker, I would like to introduce to you, and through you to members of the Assembly, 38 energetic, civic-minded young students from St. Wilfrid elementary school in the Calgary McCall constituency. They are here with their teacher Mr. Jerry MacDonald, Ms. Pat Morris, and transportation director Mrs. Dale Spurrell. Along with them is Mrs. Spurrell's sister, Katreia. I've met with these young students a couple of times. Today they brought me a little scroll, for which I'm extremely grateful. It shows the interest young students have in our political system today. I ask that they rise and receive the warm welcome of this House.

MR. PURDY: Mr. Speaker, this afternoon it's my pleasure to introduce to you and to hon. members of this Assembly some 27 enthusiastic grade 6 students from Brookwood elementary school in the town of Spruce Grove in the Stony Plain constituency. They are accompanied by their teacher Mrs. Arnold and parents Gwen Millar and Jane Carley. They're in the public gallery, and I ask them to rise and receive the traditional welcome of the House.

MR. CHAMBERS: Mr. Speaker, I'd like to introduce to you, and through you to the Assembly, 24 grade 6 students from Athlone school in the constituency of Edmonton Calder. Accompanied by their teachers Miss Unruh and Mr. Horswill, they are seated in the members gallery. I'd like you to join me in extending them the usual warm welcome of the Assembly.

MR. LEE: Mr. Speaker, it's my pleasure to introduce to you, and through you to members of this Assembly, a former member of this Assembly who served with distinction for two terms. As a private member, this learned gentleman was well known for his stirring oratory, his sterling wisdom and, above all, as a representative of one of Alberta's most populated and dynamic constituencies, Calgary Buffalo. He is seated in the members gallery today, and I ask all my colleagues to show a warm welcome to this fine legislative veteran and a good friend, Mr. Ron Ghitter.

DR. CARTER: Mr. Speaker, it's nice to know that the previous introduction engendered such a wonderful response in the House.

Mr. Speaker, it's my pleasure today to introduce to you, and through you to members of the Assembly, 29 grade 10 students from Lord Beaverbrook high school in the constituency of Calgary Egmont. They have recently completed studies on Canadian government at all three levels, and we know that this afternoon they'll get an interesting experience in terms of watching what goes on in question period. They are accompanied by their teacher Mr. Casey deLeeuw and by Mrs. Bunny Munch, Maureen Jensen-Karst, and Darrell Mottershead. They are seated in the members gallery, and I ask them to stand and receive the warm welcome of the Assembly.

#### head: ORAL QUESTION PERIOD

##### AOC Loan

MR. NOTLEY: Mr. Speaker, I'd like to direct my first question to the hon. Premier. On April 29, I raised certain questions with respect to whether the Premier or any member of his staff had held a meeting with Mr. James Foster, at that time legal counsel for the Ram firm. As a result of canvassing his memory, is the Premier in a position to advise the Assembly whether such a meeting took place?

MR. LOUGHEED: Yes, Mr. Speaker, I am. On April 29, I was asked in this Assembly whether or not I "met with the legal counsel of Ram Steel, the former Attorney General, on either June 14 or July 7 or 8, 1982". I believe the supplementary questions went on to deal with the general period.

I telephoned Mr. James Foster with regard to that matter. He refreshed my memory to the effect that during an Alberta Progressive Conservative agriculture policy conference in early July in Red Deer, he approached me with regard to the Ram Steel matter. He provided me with a copy of a letter which had previously been sent by the chief executive officer of Ram Steel, Glen Peckham, to the Minister of Economic Development, with regard to the Ram Steel organization. Mr. Foster advised me that he wanted me to be aware of the communication, because no copy had been sent to me. I responded by thanking Mr. Foster for the representation and the communication. I told him that I was aware of the situation with regard to Ram Steel from discussions with the Minister of Economic Development and that the matter was being pursued, and would be pursued, by both the Minister of Economic Development and the Minister of Tourism and Small Business.

MR. NOTLEY: A supplementary question to the Premier. Did the letter or any of the points contained in the discussion the Premier alluded to, involve any suggestion that there might be Alberta government involvement, either directly or indirectly through the Alberta Opportunity Company, in the Ram proposal?

MR. LOUGHEED: Yes, Mr. Speaker.

MR. NOTLEY: Mr. Speaker, a supplementary question. Can the hon. Minister of Economic Development advise the House whether he met with Mr. Foster and whether representation concerning either direct or indirect involvement was made by Mr. Foster?

MR. PLANCHE: Yes I did, Mr. Speaker. Mr. Foster was with the management group from Ram Steel on at least one occasion that I can remember, acting as their solicitor.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. Premier. It's with respect to the ministerial announcement of the Premier on April 6, 1982, flowing from the Brennan report, in which the Premier states:

I have accordingly directed the members of Executive Council ... to assure no preference is given to any lobbying by former cabinet ministers, so they receive no distinct or definite advantage over other lobbyists ...

Also, in that same ministerial statement:

... and will, in due course, confirm such a directive with written confirmation ....

Mr. Speaker, could the Premier advise the Assembly whether or not written confirmation was sent in the form of a directive to the members of Executive Council, pursuant to the April 6 statement?

MR. LOUGHEED: Mr. Speaker, not in the form of a written directive. We met and discussed the matter in Executive Council. The direction was given to the Executive Council and forms part of the proceedings of Executive Council.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister of small business and tourism. Can the minister advise the Assembly whether the government of Alberta had an up-to-date market analysis of Ram's prospects as a steel pipe fabricator — not an initial one from 1980 but an up-to-date market analysis — when Executive Council considered what was the largest loan in the history of the Alberta Opportunity Company?

MR. ADAIR: First of all, Mr. Speaker, I should correct the name of the department for the hon. member. It's Tourism and Small Business.

In relation to the question, when the Alberta Opportunity Company proposes a loan, the process it goes through is that the applicant makes a loan, and that is handled by the management group. If they are then in a position to recommend it to the board of directors, it is recommended to the board of directors. If it is over the \$1 million figure, then it is recommended to finance and priorities and, if it's approved at finance and priorities, to cabinet. That process did take place in this particular loan application, and the documentation provided by the Alberta Opportunity Company was the basis for the decision.

MR. NOTLEY: Mr. Speaker, a supplementary question to the minister. The question is whether or not, when the decision was made to authorize the Ram loan, Executive Council had in its possession an up-to-date market analysis of the prospects for Ram Steel?

MR. ADAIR: Again, Mr. Speaker, the documentation we received from the Alberta Opportunity Company board of directors was the latest documentation of information on which they based their approval and recommendation for approval, when it came to me and through me to finance and priorities and to cabinet.

MR. NOTLEY: Mr. Speaker, a supplementary question. If this was the latest documentation, is the minister in a position to assure the House that that documentation included an up-to-date market analysis of the company's prospects?

MR. ADAIR: Mr. Speaker, what I'm trying to point out to the hon. member is that the information provided both to the Alberta Opportunity Company and by the Alberta Opportunity Company to us was the latest information available to them, on which they based the decision, and the same applied from that particular point for us when we based our decision.

MR. NOTLEY: Mr. Speaker, a supplementary question to the minister. Did that information contain an up-to-date market analysis?

MR. ADAIR: Mr. Speaker, it was the latest information that was available to the Alberta Opportunity Company, again to us and through us to the cabinet.

MR. NOTLEY: Well, I'm pleased it was the latest information. But was the latest information inclusive of an up-to-date market analysis?

MR. ADAIR: A market analysis plus a number of other items were included in that particular package of information that was available.

MR. NOTLEY: Now we're getting someplace. Was that an up-to-date, 1982 market analysis or one that was established in 1980 and out of date?

MR. ADAIR: Mr. Speaker, it was the latest information available at the time.

MR. NOTLEY: Mr. Speaker, was that information available at the time a 1980 market analysis, which was out of date, or an updated one?

MR. ADAIR: Mr. Speaker, the application went through in November of 1982; the latest up to that point.

MR. NOTLEY: Mr. Speaker, a supplementary question. Was the minister advised at that time of the interest by Stelco in Ram Steel? The minister is also quoted in *Hansard* as indicating that certain commitments were made. Did those commitments involve expansion of the Ram Steel operation and the maintenance of employment by Ram Steel?

MR. ADAIR: Mr. Speaker, going back to the statement I made in the House in answer to an earlier question by the hon. Member for Edmonton Norwood, I indicated

that the application was approved on November 29, that it included the information that Stelco was an equity partner and that an equity arrangement had been made with Stelco by the Ram people, and that I was aware of that at a point about mid-November of 1982.

MR. NOTLEY: Mr. Speaker, a supplementary question. Can the minister advise the House whether any discussion took place between the minister and the representatives from Ram, including Mr. Foster — whether any commitments were made by that firm that should the government of Alberta authorize the largest loan in the history of the AOC, the employment would either be retained or expanded?

MR. ADAIR: Mr. Speaker, I would have to check that one and respond at a later point. But I should also indicate that in my earlier response, I indicated that we met with Ram officials and the company solicitor, and they were discussions that were based on how the negotiation process would go. At that time, I indicated to them that any changes should be a recommendation to the Alberta Opportunity Company.

#### **Pension Liability Reporting**

MR. NOTLEY: Mr. Speaker, I'd like to direct the second question to the hon. Provincial Treasurer. It's with respect to the recommendation of the Auditor General, on page 42, with respect to unrecorded liabilities in a number of pensions, ranging from public service pensions to the Teachers' Retirement Fund, which total some \$5.3 billion if one looks at what the likely payout will be. The Auditor General suggests that will have a significant impact on the financial position of the province. Could the Provincial Treasurer advise the Assembly of the status of that particular recommendation, as far as this government is concerned?

MR. HYNDMAN: Mr. Speaker, the April 12 report of the Auditor General is an important one. There are some 47 recommendations within it. I think it's important that the government respond to each and every one of those recommendations, and we will be doing so. That has been done successfully in the past, in the Public Accounts Committee. That recommendation, plus the other 46, will be responded to and is now under close review.

MR. NOTLEY: Mr. Speaker, a supplementary question to the minister. Since this recommendation has been made in a slightly different but, in principle, basically the same way for the last four years, what is the holdup?

MR. HYNDMAN: Mr. Speaker, very significant progress has been made when, for example, one bears in mind the special \$1.1 billion fund which was set up. The other initiatives which were taken now put Alberta in the forefront in terms of protecting pension responsibilities and in moving ahead to ensure that there is protection for the taxpayer, for those contributing, and for the government. There are a number of different opinions amongst actuaries as to the ways these liabilities should be set forward. We have responded in the past on three different occasions; we will be responding to this one again.

MR. NOTLEY: Mr. Speaker, a supplementary question to the minister. It's well and fine to repeat past moves of the government with respect to decisions that are already

public knowledge. But my question is with respect to the specific recommendation now, as far as recording the public accounts of this province is concerned and the expressed concern of the Auditor General that these pension liabilities should be recorded. Is the Provincial Treasurer saying that after four years of recommendations by the Auditor General, the government is still not able to respond to his specific recommendation for how this information will be recorded?

MR. HYNDMAN: Mr. Speaker, the hon. member is inaccurate and wrong in his allegation. There have been responses each year, and progress has been made each year with respect to the adequacy and the information provided. As I indicated, there are 47 recommendations. To deal with them piecemeal and not look at the others would be unfair to the Assembly, amongst others.

An example of the response of government is that last year, just 14 months ago, the Auditor General indicated that a major change should be made, wherein the investments of the Heritage Savings Trust Fund in the Alberta investment division should be made by legislative change, subject to review by the Assembly. As the hon. member knows, that is proposed for implementation in the Heritage Savings Trust Fund Amendment Act, 1983 (No. 2). So the government has demonstrated response and a proper custodianship of provincial finances.

MR. NOTLEY: Mr. Speaker, I'd like to thank the Treasurer for answering a question I didn't ask, which is very nice.

The question I asked was with respect to the recommendation, for four years in a row now, that the government respect the unrecorded pension liabilities, which amount to some \$5.3 billion, and that these be recognized in the statements of the province. After four years, why is the government not able to move on that particular recommendation?

MR. HYNDMAN: That's been recognized in various reports, Mr. Speaker. It may not be exactly in the way requested each year. Indeed, we had to complete the actuarial reviews in order to get the information. But I can assure the hon. member that the pension accounts of the province of Alberta are in good shape. We will be responding specifically as to further progress made this year, as opposed to past years, with the other 46 recommendations.

MR. NOTLEY: Mr. Speaker, a supplementary question to the minister. When is the government going to commit itself in this Assembly to move on the recommendation contained on page 42 of the Auditor General's statement this year with respect to unrecorded liabilities?

MR. HYNDMAN: As I said, Mr. Speaker, we will be giving responses as to when, whether, and at what pace we'll be moving on each of these recommendations, as we've done for the Public Accounts Committee review, in a few months.

MR. NOTLEY: Mr. Speaker, will "a few months" be sometime this year? Or, since we've waited four years, are we going to wait another four years for action?

MR. HYNDMAN: Mr. Speaker, this government, unlike other governments, initiated a specific response to the Auditor General's report three years ago. We'll have that

again in August for the complete review of the committee. If the hon. member would read the previous three years, he would see the progress that was made.

MR. NOTLEY: Mr. Speaker, a supplementary question to the minister. In light of the uncertain financial outlook, particularly with respect to oil and gas revenues, what assessment has been made by Treasury of the ability of the province to honor these unfunded and unrecorded pension liabilities?

MR. HYNDMAN: There are two questions there, Mr. Speaker. The first one is the extent to which there should be a different, modified, or changed statement as to the liabilities, depending on what various actuaries will say as to what they are. That decision must be taken first, before any discussion can be carried forward as to amount. As I indicated, the government moved in a very positive way in setting up the new \$1.1 billion Pension Fund a couple of years ago. In respect of any future changes or additions to that, and in assessing whether the moneys are available, the overall picture of the public accounts must be borne in mind.

MR. NOTLEY: Mr. Speaker, a supplementary question. Has the minister requested any review or assessment of the point at which present expenditures of the government may have to be modified or even curtailed in order to meet the obligations — since presumably we would all commit ourselves to honor pension obligations — of this \$5.3 billion in unrecorded pension liabilities?

MR. HYNDMAN: Mr. Speaker, that is not a prospect that is imminently before the Assembly. I refer the hon. opposition leader to the upcoming motion of the Member for Calgary Mountain View, which deals with the future prospects of, and recommendations of the Auditor General with respect to, pensions. There are a number of options available with regard to the preservation and future of the integrity of any Alberta pension schemes.

#### Natural Gas Pricing

MR. R. SPEAKER: Mr. Speaker, my question is to the Minister of Energy and Natural Resources. I understand there were a number of meetings last week. In light of the clear pressure from the United States in terms of decontrolling the price of Canadian export gas, I wonder if the minister could indicate whether any progress was made with the federal government with regard to market pricing for natural gas here in Canada.

MR. ZAOZIRNY: Mr. Speaker, the hon. member is correct. On Wednesday last week, I had the opportunity to meet with the Minister of Energy, Mines and Resources, Mr. Chretien. At that meeting we discussed a number of issues, including the shut-in oil situation, which continues to be of great concern to this government. It's an entirely unnecessary situation, in our judgment, and we have been pressing the federal government further on that matter. We are going to continue to work to solve that particular problem. A number of other issues were discussed. We had some preliminary discussions with respect to the overall energy agreement. They were just that, very preliminary in nature, and useful as well. Beyond that, Mr. Speaker, I really couldn't comment further. But I would like to refer the question with respect to natural gas export pricing to the hon. Premier.

MR. LOUGHEED: Mr. Speaker, I am delighted to respond and supplement the minister's answer. The issue with regard to natural gas in the United States relates to the fact that we are selling into a market in the United States that has become very competitive, because a number of years ago they moved, from a legislative point of view, to decontrol oil. As a result, the competition and the reduction in the world price of oil has caused pressure on the natural gas market in the United States.

The United States administration has proposed a Bill to Congress called the Hodel Bill, which is now before the Senate committee on energy and is being considered by that committee. The Bill before the United States Congress excludes the issue of imports. During the three days I was in Washington last week, we made a number of representations, on behalf of Canada and Alberta, to protect the interests of Canadian producers and to sustain our market in the United States. I'd be happy to elaborate if the hon. member is interested.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the Premier. Following those meetings in the United States, it takes certain changes in the federal/provincial agreements before us. Is it the intention of the Premier to meet shortly with the Prime Minister to discuss the necessary changes? Is a strategy being worked out to request the necessary changes?

MR. LOUGHEED: Mr. Speaker, it isn't really a matter of changes with regard to the situation in Canada. It was discussed between the Prime Minister and myself at our meeting on February 28, which was joined by the federal Minister of Energy and the Minister of Energy from this province. At that time, we discussed a general strategy. As I mentioned publicly and in Washington, the Canadian provincial governments from producing provinces, the federal government, and the industry have been working together in a very co-operative way to develop this marketing strategy. It comes out of the September 25, 1982, marketing initiative document, which was made public, between the producing industry here in Alberta and the Alberta government. It was favorably received by the federal government as an overall strategy position. Since that time, on April 11, 1983, we had the announcement by the Minister of Energy and Natural Resources in this House, setting forth a position.

As I advised the authorities and the congressmen in the United States, Canada has responded, in a strategy way, to the new market conditions in three ways: first of all, by reducing the price we've been selling our natural gas in the United States to reflect market conditions, at a well-head price of approximately \$3.25 U.S. per thousand cubic feet. Secondly, we have been encouraging renegotiation on a specific contract basis between buyer and seller, with particular emphasis on the pre-build pipeline to the United States from Alaska with regard to renegotiation of those contract provisions. Finally, the proposal for incentive pricing that was presented to this Legislature on April 11, 1983, is now a matter of final consideration by the Canadian federal government, as raised by our Minister of Energy and Natural Resources with the federal minister last week.

MR. DEPUTY SPEAKER: At this time, I would like to extend to the hon. Premier the opportunity to respond to a question asked at a previous sitting.

#### **Mortgage Company Bankruptcy**

MR. LOUGHEED: Mr. Speaker, on April 29 I was asked a second question, I believe by the hon. Member for Edmonton Norwood, with regard to Mr. George de Rappard and whether or not

during his tenure as vice-president and executive director of Dial Mortgage, [he] met with government officials concerning that company's financial difficulties in 1979 or 1980.

I've been able to check with regard to that matter. No such meeting or discussions were undertaken by Mr. de Rappard during the period of time he was connected with Dial Mortgage.

#### **Highway Clean-Up Campaign**

MR. BATIUK: Mr. Speaker, my question is directed to the Minister of Transportation. Could the minister advise of the success of the highway clean-up by 4-H clubs on Saturday?

MR. M. MOORE: Mr. Speaker, yes I can. First of all, I'm pleased to say that there were just under 6,500 young people cleaning our highways on Saturday, and there were no accidents of any kind. The whole program was carried out with a great deal of safety. The only areas of the province that weren't covered were the Peace River region, where the clean-up was cancelled on account of rain, and one small area in Fort McMurray. Those will be proceeded with next Saturday. I can advise that 416 4-H clubs, Junior Forest Warden clubs, or other clubs across the province participated on Saturday. That's up from last year's total of 367. They cleaned 3,650 kilometres of roadway, so the program was indeed a very good success.

MR. BATIUK: A supplementary, Mr. Speaker. Could the minister advise whether or not the number of 4-H clubs participating in this year's program increased over the past?

MR. M. MOORE: Yes, I think I made that clear. The total number of clubs did increase from 1982.

MR. BATIUK: Mr. Speaker, a supplementary. Could the minister advise whether the amount of garbage being cleaned up is considerably less than over past years?

MR. M. MOORE: Mr. Speaker, the hon. member has hit upon an interesting statistic. As a matter of fact, more clubs were involved, more kilometres of roadway were cleaned, and my staff advises that the 4-H clubs did a better job than ever before. In fact, a lesser amount of garbage was collected than in any previous year. One would only have to surmise that the motorists in this province are indeed conscious of the requirement to keep our highways clean.

MR. BATIUK: One more supplementary. Could the minister advise — and this makes reference that some of the 4-H'ers doing that work a few years ago are young adults — whether this is providing incentive for past 4-H'ers to keep highways clean?

MR. M. MOORE: Mr. Speaker, this is the seventh year of the 4-H clean-up program. I surmise that when we enter the 40th year and everyone has been a 4-H member

and had an opportunity to clean the highways, there'll likely no longer be a requirement for that.

MR. BATIUK: A final supplementary. Could the hon. Solicitor General advise whether the number of prosecutions for littering highways has decreased?

MR. HARLE: Mr. Speaker, I don't have any information on that.

#### **Packing Plant Industry**

DR. BUCK: Mr. Speaker, my question to the hon. Minister of Agriculture has to do with some of the problems the packing plant industry is having in the province. Can the minister indicate what discussions he has had with the major packing plants in the province as to the problems they are having, in light of the fact that there are many highs and lows in their amounts of production? Can the minister indicate what discussion he has had with the industry?

MR. FJORDBOTTEN: Mr. Speaker, the discussions have been limited at this point. The packing plants that have been in to meet with me have shared with me their concern about the excess capacity they have in their plants and their trying to become more efficient. But that's as much as much as the discussions have been.

DR. BUCK: Mr. Speaker, can the minister indicate what studies his department has had as to the number of cattle and pigs crossing into the United States from Alberta to be processed? Does the minister have that information available for the Assembly?

MR. FJORDBOTTEN: I believe it is, Mr. Speaker, and I'd be happy to check and report back.

DR. BUCK: Mr. Speaker, at the same time, can the minister indicate what effect — when the minister has been studying the problem of the packing plants — the vertical integration by producers and retailers has had on the packing plant industry?

MR. FJORDBOTTEN: Mr. Speaker, in the discussions I've had to this point with the department and in any checking they've done, they don't have any information that would shed any light one way or the other on that particular topic.

DR. BUCK: Mr. Speaker, can the minister indicate what studies the department has done as to what effect the small packing plants set up in the province under the auspices of the former Deputy Premier and Minister of Agriculture have had upon the major packing industry?

MR. FJORDBOTTEN: Mr. Speaker, in many ways some of the problem with the packing industry, is having economies of scale. For example, the larger the plants, the more efficiently they're able to do things. On the other side of the coin, the very small packing plants that are one or two individual operations are very efficient. So there are two sides to the economies of scale: one is to be very large and the other is to be very small.

DR. BUCK: Mr. Speaker, can the minister indicate if he has any information as to the problems — if there are

problems — in the small packing plants established within the last decade?

MR. FJORDBOTTEN: In the discussions I had with them about two months ago, they didn't raise any particular concerns they had within the industry. They had some concerns about some of the packing plants in the province, but as a whole they were fairly satisfied with the industry as it is.

DR. BUCK: Mr. Speaker, my final question. Can the minister indicate at this time if there is going to be an in-depth review and discussion with the small and large packers on where the industry is headed in this province?

MR. FJORDBOTTEN: Yes, Mr. Speaker. That would be even more important now if the proposed Crow rate changes introduced today in the House of Commons are put into place, because that would have a direct impact on the packing industry in this province, and it would certainly be a discussion.

#### **Construction Company Bankruptcy**

MR. STROMBERG: Mr. Speaker, due to the action of the Camrose credit union padlocking the doors of Bertschi Construction, I wonder if the Minister of Consumer and Corporate Affairs is prepared to change sections of the Business Corporations Act so that employees' wages would be treated as secured creditors, such as in the Bankruptcy Act.

MRS. OSTERMAN: Mr. Speaker, I can't comment on those particular sections of the Act unless I've had an opportunity to review them. I'm not sure whether there's a possible interface with my hon. colleague the Minister of Labour, in terms of the legislation under his jurisdiction. But I'll certainly undertake to look at that.

MR. STROMBERG: A supplementary, Mr. Speaker. Will the minister's department move heaven and earth to explore with the Minister of Labour avenues to help these 25 employees receive their hard-earned and much-needed wages?

MRS. OSTERMAN: Mr. Speaker, heaven and earth is a fairly large undertaking, but we'll look at it.

MR. YOUNG: Mr. Speaker, perhaps I could supplement the answer my colleague has given, to indicate that it really isn't so much heaven and earth as some federal bankruptcy legislation that would need to be moved.

#### **Nursing Home Funding**

MR. MARTIN: Mr. Speaker, I'd like to direct my question to the Minister of Hospitals and Medical Care. Would the minister indicate to the Assembly why district nursing homes are suffering an actual cut in funding while private nursing home funding is going up some 12.5 per cent?

MR. RUSSELL: That statement isn't correct, Mr. Speaker.

MR. MARTIN: Would the minister give us the correct statement?

MR. RUSSELL: We went through this a couple of days ago in the Assembly. We've already spent two days on my estimates. The member should feel obliged to ask the questions then; I assume we'll be returning to it.

MR. MARTIN: Supplementary question, Mr. Speaker. Seeing he doesn't know the answer, I'll ask another one. Are the increases this government has proposed for private nursing homes this year going into improved health care for patients, or will the increases just go straight into the profits of private concerns or their parent companies?

MR. RUSSELL: Mr. Speaker, the *per diem* payments that are made by the government, whether to district nursing homes or non-voluntary, private ones or privately owned ones, are all given on the same basis: that a standard package of health care is met. The government pays in return for receiving those services.

MR. MARTIN: A supplementary question, Mr. Speaker. Is the minister monitoring private nursing homes to see that with each subsidy increase they get, there is an increase in the quality of care they provide to their patients?

MR. RUSSELL: The nursing homes — and this applies to all of them — are monitored and reviewed by three different groups. We have the Health Facilities Review Committee, under the chairmanship of the Member for Calgary Currie, that each year makes unannounced inspections and visits at all nursing homes throughout the province. We have the administrative and inspection people within the Department of Hospitals and Medical Care. And a year ago, we set up a special four-person task force within the department to deal with and consult with nursing homes on patient care.

MR. MARTIN: A supplementary question, Mr. Speaker. We've heard about those unannounced visits before. Because private nursing homes have a 10 per cent profit margin built into them, would the minister consider promoting an increase in district nursing homes so that money would be put into quality care rather than profits?

MR. DEPUTY SPEAKER: We're getting into a quite involved discussion on items that are within the budget and will be discussed in the House in estimates. I think those questions could be reserved for that time.

#### AOC Loan (continued)

MR. NOTLEY: Mr. Speaker, I'd like to direct this question to the Minister of Tourism and Small Business. It's with respect to Ram Steel. On March 25, 1983, in response to a question from me on performance guarantees with respect to the employees that were laid off, the minister said, on page 298 of *Hansard*, "guarantees were part of the package." Would the minister outline for the House precisely what discussions took place with Ram Steel to ensure guarantees? Did those guarantees specifically deal with employment, and was that information presented by the minister to Executive Council?

MR. ADAIR: Mr. Speaker, the reference to guarantees on my part was to personal guarantees, and there was no requirement from the Alberta Opportunity Company for performance guarantees. The application was dealt with

like any other application received by the Alberta Opportunity Company.

MR. NOTLEY: Mr. Speaker, a supplementary question to either the Minister of Tourism and Small Business or the Minister of Economic Development. Could either minister advise the House whether Executive Council proceeded to authorize the largest loan in the history of the Alberta Opportunity Company without any performance guarantees with respect to employment or expansion of that operation?

MR. ADAIR: Mr. Speaker, I think it should be pointed out very clearly that one of the reasons the particular application was considered by us to be in line with our stated policies was the fact that it dealt with decentralization, with job creation, and with the protection of those jobs. I did also indicate in my response — and I'll repeat it, if I may — that the present shut-down of Ram Steel was the result of a corporate decision to reduce inventory levels. Once the reductions have taken place and the demand for steel picks up, it is our information that the plant will reopen. Hopefully that is the position we still maintain: once the inventory has been reduced, the plant itself will be reopened.

MR. NOTLEY: Mr. Speaker, a supplementary question to either hon. minister. In giving cabinet approval for the AOC loan, what consideration was given by Executive Council to the fact that the company owed \$13 million to the Canadian Commercial Bank or to the fact that tax evasion charges were about to be laid against Ram's largest shareholder?

MR. ADAIR: Mr. Speaker, I'll have to take that particular question as notice and respond.

MR. NOTLEY: Mr. Speaker, a supplementary question to either hon. minister. Is either hon. minister telling the House that in the package of material that was presented to Executive Council for the largest loan in the history of the AOC — that neither responsible minister is able to answer that question now?

MR. ADAIR: I'm not aware of the part relative to tax evasion, Mr. Speaker.

MR. NOTLEY: Well, we'll hold that as notice and ask the first part of the question.

MR. ADAIR: Would you ask the first part of the question again?

MR. NOTLEY: With respect to the \$13 million loan, was that information made available to the minister and Executive Council?

MR. ADAIR: The information that was available — and I don't have it right at hand, Mr. Speaker — was that there was a Canadian Commercial Bank loan involved. I don't have the total amount at hand.

MR. NOTLEY: Mr. Speaker, a supplementary question to either hon. minister. What consideration was given by the government to the specific market forecast? The minister tells us that he had an up-to-date market forecast. Can either hon. minister advise the Assembly exactly

what review was given by Executive Council to that up-to-date market forecast supplied by Ram Steel?

MR. ADAIR: Mr. Speaker, my best response to that is that the information provided to us last fall, when that was dealt with, was taken into consideration by finance and priorities and by government and that it related not only to the Woods, Gordon report, that was in fact a request of the Alberta Opportunity Company, but to some additional information they had sought as well.

MR. NOTLEY: Can the minister advise the House what that additional information was, in view of the present predicament of Ram Steel?

MR. ADAIR: Mr. Speaker, the information was requested by the Alberta Opportunity Company from a person — and I haven't got his name right at hand — who was a former member of the Alberta Opportunity Company and very much involved in the manufacturing industry.

MR. DEPUTY SPEAKER: The hon. Minister responsible for Personnel Administration wants to correct a question.

#### Public Service Grievance Appeal Board

MR. STEVENS: Mr. Speaker, on May 4, 1983, in response to a question from the Leader of the Opposition, I indicated that the courts had overturned "the last three decisions". What I intended to say, and thought I had said, was "at least three decisions".\*

MR. DEPUTY SPEAKER: Does the Assembly agree that the hon. Minister of Manpower might revert to the introduction of visitors?

HON. MEMBERS: Agreed.

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

MR. ISLEY: Mr. Speaker, it's my pleasure to introduce to you, and through you to the members of the Assembly, a group of intelligent, enthusiastic young people from the province of Quebec. In the members gallery are the 30 Quebec students on the Alberta/Quebec exchange program, who will be working with various government departments this summer. They're all from various post-secondary institutions there. With them, I believe, are a few of our Alberta students who are going to be travelling to Quebec, and their co-ordinator Grant Beargan. I had the pleasure of joining these young people for lunch today, and I think all your departments will certainly appreciate having them. Would you stand and receive the welcome of the House, please.

MR. DEPUTY SPEAKER: Does the hon. Minister of International Trade wish to make a statement?

MR. SCHMID: Mr. Speaker, I would like to take this opportunity to introduce to you and to members of this Assembly Mr. Ronald E. Johnston and Mr. Roger Leblond. As teachers, they are giving us the opportunity to introduce to you 70 students from Kenilworth school and from the province of Quebec. It is with pride that the grade 9s of Kenilworth school in my constituency of

Edmonton Avonmore are in fact returning the hospitality they received in Quebec last March and are hosting students from la belle province.

J'aimerais souhaiter bien cordialement la bienvenue aux étudiants et aux enseignants et faire remarquer que ces souhaits de bienvenue en anglais et en français veulent non seulement honorer les deux nations fondatrices et notre système d'éducation mais encore indiquer l'importance des langues. Le monde et ses opportunités commerciales requièrent en effet l'usage de la langue française comme l'un des outils les plus importants de négociation dans plusieurs pays.

May I ask the students in the public gallery to rise and receive the cordial welcome of hon. members of this Assembly.

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

##### 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. ZAOZIRNY: Yes, Mr. Chairman. At the outset of consideration of the estimates of the Department of Energy and Natural Resources, I thought it might be useful if I provided a brief overview of the portion of the responsibilities of the ministry that are under my purview. It is my understanding that subsequent to my preliminary remarks, my colleague the Associate Minister of Public Lands and Wildlife may take the opportunity to make some opening remarks as well. Then we will of course proceed to consideration of the estimates and an opportunity for hon. members to make remarks and raise specific matters of question.

As indicated in the Estimates of Expenditure, 1983-84, the ministry is responsible for the administration and management of Alberta's energy resources, mineral resources, forest resources, public lands, and fish and wildlife resources. Speaking to those aspects of the ministry that come under my consideration and responsibility, I think it's fair to say at the outset that energy issues, particularly crude oil pricing, have been a focus of worldwide attention in the early part of 1983. In the early part of the year, the question in everyone's minds with respect to OPEC and world crude oil pricing circumstances was, will they make a deal? That did in fact occur. On March 14 an accord was arrived at by the members of OPEC, giving a benchmark price of Saudi light crude of \$29 per barrel and providing for production levels on the order of 17.5 million barrels per day.

Thereafter, another question came very much to the fore. That question was, will the deal hold? I think it's fair to say that there still is required some passage of time before it will become clear as to whether or not the accord will in fact hold, but certainly events of recent weeks suggest that there has been a firming of crude oil price on the international scene. For example, we've seen

\*See Hansard, May 4, 1984, page 795, left column, paragraph 4



a recent increase in price by the Russians with respect to their crude oil moving into international markets.

Mr. Chairman, I think it's also important at this time to place squarely on the record a comment with respect to the impact of a downward spiral of crude oil prices. Clearly the harmful effects of such a dramatic fall in world crude oil prices would, in our judgment and in my judgment, far outweigh any advantages. The impact on the world financial system would be significant. As well, the energy industry worldwide, as well as in Canada and in this province, would be most adversely affected. Of equal importance is the continuing search for energy self-sufficiency on the part of our nation. Many nations in the world would be damaged in a very significant way, were there to be a dramatic downward spiral of world crude oil prices. So at this time I think one would simply say that an additional passage of time is required before the state of world oil prices becomes clear, but certainly the events of the past few weeks have been very positive.

Following from a brief discussion of world crude oil prices, one must say, what are the implications for Canada? Because certainly there are significant implications for Canada. Members of the committee are well familiar with the September 1981 energy agreement entered into by this province and the government of Canada. Some time ago, after a couple of meetings involving my federal counterpart the Hon. Jean Chretien and myself, and on the heels of a meeting that involved both the Prime Minister of our country and the Premier of our province, it was agreed that a prudent course to follow would be to allow some passage of time to determine the ultimate levelling out of world oil prices, after which a review would be conducted by the respective governments and meetings would be held to determine the appropriateness or otherwise of the energy agreement that was entered into by the two governments.

I indicated earlier in question period, Mr. Chairman, that on Wednesday of last week, I was involved in a meeting with my federal counterpart at which time a number of subjects were raised for discussion, one of which was the current energy agreement. I mentioned during question period, and would simply reiterate at this time, that the meeting was of a preliminary and exploratory nature. We expect a number of meetings to be held in the next number of weeks to address, in a more precise way, the agreement and the matter of modifications or otherwise, as is determined most appropriate.

Mr. Chairman, when addressing the question of the energy scene, I think one must address two principal factors. One which I have made reference to in a general way in my earlier remarks is, of course, the matter of price. It is absolutely essential that there be an appropriate level of price for crude oil and natural gas to ensure a proper return for those depleting resources and also to ensure a continuing search for more. In the last number of years, particularly on the natural gas side, we have seen the very positive impact of an appropriate price arrangement with respect to significant discoveries of natural gas at a time when there were some who suggested that much of the natural gas had already been found. That proved to be not at all the case.

Certainly, pricing is a key ingredient in a healthy energy scene. The other factor, of course, is markets. It's because of the concern and recognition of the need for markets that the Alberta government has been involved in such a significant way in the last number of months with respect to the marketing of crude oil and natural gas.

On the crude oil side, our great concern has been and continues to be the shut-in oil situation. In our judgment, Mr. Chairman, that situation is entirely unacceptable and unnecessary, and continues to be a focus of great concern by this government. It must be acknowledged that some modest progress has been made in terms of recognizing the need to sell that crude oil which is clearly surplus to present Canadian needs. In fact, some sales have been authorized in recent months. However, the fact remains that in the month of April, the shut-in of light and medium crude and some modest amounts of heavy crude was in the order of 200,000 barrels a day. As has been indicated on many other occasions both in and outside this Assembly, if this problem is not addressed and solved, the cost not only to the industry and Alberta but in fact to our entire country is very massive, in the order of billions of dollars. We intend to continue our efforts to have the shut-in problem dealt with.

It is our judgment that in order to be able to solve the shut-in problem, there is going to have to be more flexibility in pricing to ensure that we are market competitive. We simply have to be market competitive in a world where there are, at the present time, abundant supplies of energy. As well, we have to set the appropriate mechanism in place to allow for term sales; we can't simply rely on monthly sales. Otherwise, on a periodic basis, we're going to run into this problem of shut-in oil.

On the natural gas side, as all members of the committee will be well aware, we have been addressing the very important matter of export sales of natural gas over the last number of months. The document of September 1982, known as the initiatives document on natural gas sales, a joint discussion paper of the Alberta government and industry, was a crucial step in this process. That document was followed up by a series of meetings involving the provincial government — members of our energy committee of cabinet — with a broad cross section of industry representatives. I think it's important to emphasize that that series of meetings did involve a broad cross section of industry, Mr. Chairman. The culmination was the April 11 announcement of the Alberta proposal with respect to a base price for natural gas and an incentive pricing arrangement.

We believe — and our belief has been buttressed by the Premier's recent visit to Washington — that the Alberta proposal represents a realistic approach to natural gas marketing in the near term. It takes into account a bilateral agreement between Canada and the United States involving the so-called Duncan/Lalonde formula and, as well, the need to stimulate additional sales beyond the present volume. I would simply reiterate, Mr. Chairman, that that is not an Alberta only proposal. It is a proposal involving both Alberta and industry, and was arrived at after months of discussion with industry. Of course, it goes without saying that both Alberta and industry want to ensure that the very best possible return is achieved as a result of the sale of our natural gas.

I'd like to say a few words as well, Mr. Chairman, on the matter of coal. In the recent period, the marketing and pricing of coal has been affected by the worldwide economic downturn, in similar fashion to other energy sources. It has affected demand for both metallurgical and thermal coal. I think that a plaudit should be put forward to our coal producers who are concluding some very tough negotiations with key customers, notably the Japanese, and I believe have fared very well on the price and volume side.

In fact, it is generally agreed that the Canadian pro-

ducers have effected better arrangements, certainly on the price side, than either the Australian or U.S. competitors. It's important to recognize that our competition in the field of coal is not so much with other provinces but on a worldwide basis. In fact, the Canadian portion of the worldwide coal market is a modest one. So again we have to be competitive on a worldwide basis. I think our producers are working very hard to maintain existing contracts and seek out new contracts through a rather difficult period.

Mr. Chairman, I should also say a few words about the forest resources aspect of the portfolio. Last Monday at Smoky Lake, I had the pleasure of attending the official designation of Smoky Lake and area as the national forestry capital of Canada by the Canadian Forestry Association. That designation was in no part due to the establishment of the Pine Ridge nursery, which was a major step forward in reforestation in Alberta. It is generally regarded as being possibly the finest facility of its kind in the world.

On the forestry scene, Mr. Chairman, I think the appropriate description of the situation is one of cautious optimism. There has been a significant improvement in the U.S. housing market in recent months. That has a direct impact on Canadian and particularly Alberta sales of lumber. Our sawmills are now operating at a near capacity level. Prices for lumber have improved significantly in recent months. I recently had the opportunity to visit the B.C. Forest Products mill at Grande Cache and was pleased to hear that they have now moved to a second shift, which augurs well for that community and, I think, is a clear indication and a fine example of the kind of improvement of sawmill production that's occurring throughout this province.

With respect to the pulp side, it's our hope and expectation that by year end we will see a firming and possibly some improvement of prices on the pulp side. Again, the pulp industry is affected by the world economic downturn. As world economic recovery takes hold, this will have a very positive impact on the pulp industry.

Mr. Chairman, I thought this might be an appropriate opportunity to respond to a series of questions that were put forward in the House on the general area of forestry and, more specifically, the Brazeau timber development area. Having been away from the House last week, I would like to take this opportunity to respond to questions raised at that time, firstly, by saying that there has certainly been no transfer of responsibility with respect to the administration and control of timber harvesting and woods operations from the Department of the Environment to the Department of Energy and Natural Resources.

The Alberta forest service, through its timber management branch and field staff, has administered forest land use and timber management operations since the province received control over its natural resources in 1930. The responsibility of the Department of the Environment in forestry developments is specifically related to water quality and air-borne pollutants, with particular emphasis on review and approval of any major manufacturing facilities.

With respect to questions dealing with environmental impact assessments on the woods operations side, an environmental impact assessment would not be required for woods operations in the Brazeau timber development area. A very high level of control over woods operations is already available through forest management plans, annual operating plans, and day-to-day control over log-

ging operations by the Alberta forest service. All forest management plans and annual operating plans will receive joint review by watershed specialists in the Department of the Environment and the Department of Energy and Natural Resources.

Several other agencies will also review these plans to ensure there is no environmental damage. The policies and guidelines used by the Alberta forest service for logging operations have been refined over a number of years. The 1979 report by the Environment Council of Alberta on the environmental effects of forestry operations in Alberta generally supported those policies and guidelines of the Alberta forest service.

With respect to the pulp mill, at this point in time it's simply not known whether a pulp mill on the North Saskatchewan River will be part of any development that is selected, since all proposals are still very much under review and consideration by the government. If the successful proposal does include a pulp mill, an environmental impact assessment would, of course, be required to address the impact of a pulp mill. Any significant environmental impacts would have to be resolved before final approval for construction was granted.

The issue of water quality in the North Saskatchewan River was dealt with very well by the city of Edmonton in its presentation at the public hearings on the Brazeau timber development area last year. The Alberta government will work closely with the city and other users of the North Saskatchewan River to address any potential water quality issues which may arise. And finally on this subject, there were some concerns about the validity of the statistical data dealing with the volume tables for the Brazeau area. As a result, a review of the timber estimates was undertaken. This review was completed and reaffirmed the original estimates.

Mr. Chairman, I conclude my opening remarks with a couple of comments. First of all, looking at the specific estimates themselves, although total department expenditures are shown as decreasing over the '82-83 forecast, this is largely due to the expiration of the development drilling and well servicing incentives program. I point out to hon. committee members that the comparison with the '82-83 forecast should also take into account that the forecast includes special warrants of some \$134 million, primarily relating to firefighting last year. The department is actually coming in with an increase of approximately 3.8 per cent over the '82-83 estimates, if programs approved as supplementary estimates are excluded. In terms of the ongoing budget of the department, the 3.8 per cent increase over the '82-83 estimates is concentrated in a 4.7 per cent increase in manpower costs and a 6.8 per cent increase in supplies and services costs. I should add that these increases are offset by actual decreases in grants and the purchase of fixed assets.

Finally, Mr. Chairman, I would like to take this opportunity to say a word about the fine people I have come to know and have the opportunity to work with in the Department of Energy and Natural Resources. Having moved into a ministry for the first time, I've been very pleased to acquaint myself with a large number of very dedicated and committed public servants in the Department of Energy and Natural Resources, who are working very hard and very diligently for the province of Alberta, and simply want to state publicly that one of the real pleasures of my involvement in this portfolio has been the opportunity to work with them. They are doing a simply outstanding job for the citizens of this province.

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

MR. SPARROW: Mr. Chairman, this represents my first departmental estimates, and I am pleased to present to the hon. members today a few notes on each vote prior to discussing them. Briefly, this is a hold-the-line budget for Public Lands and Wildlife, which reflects an overall increase of some 4.9 per cent. In terms of today's economic realities, I believe that very responsible preparation was done by the government and its staff when they entered into the 1983-84 submission.

I'd like to take this opportunity to say that my staff are some of the best people I've met and worked with. I would have to say, as others have, that the deputy minister of renewable resources, Mr. Fred McDougall, and his staff deserve a lot more credit than they get for the heavy workload and responsibility that goes with this portfolio.

I'd like to start off talking about resource evaluation and planning, Mr. Chairman. This vote provides resource mapping, resource information, and integrated resource planning services both to government departments and the public. The 1983-84 budget continues this valuable service to Albertans. In addition, development of the computer graphics mapping system will continue. In conjunction with Alberta forest service, we expect to complete phase three of the Alberta forest inventory. We also expect to complete the first eight major integrated resource management plans, which cover more than 10,000 square miles of public lands.

Under public lands management, we anticipate a continuing, accelerated expansion of agricultural lands and an increase of inventories of available lands suited for settlement. Approximately 40,000 to 50,000 acres of public lands will come under that category. We will also survey approximately 35,000 acres suitable for settlement. Both the land inventory and legal survey work represents an increase in funding of about 12 per cent. This will be contracted out to the private sector.

Planning and operation of the 29 operational grazing reserves will require approximately \$5.6 million, of which \$4.1 million will cover operational costs and about \$1.5 million for capital improvements. It is anticipated that about 215 new range land improvement programs will be funded. As well, development of more than 500 projects that were started in previous years will continue. This development is carried out by relatively small-scale equipment operators under contract to the government.

Fish and wildlife division: Mr. Chairman, basically, this request for funding represents maintenance of our current system and programs. Our only increase in budget is reflected in a major new communication system for our field staff, that will improve effectiveness in the field. The system will be similar to that of the Solicitor General's Department.

We plan to have an increased emphasis on fisheries through our capital projects. The major new Cold Lake pickerel hatchery is one we're looking forward to getting under way. Completion of the Allison Creek brood station at Blairmore, and expansion and upgrading the Sam Livingston at Calgary are to be completed this year. Acquisition of the Sundance rearing facility at Lake Wabamun has been completed. When all these projects are completed, we anticipate having one of the most advanced fish enhancement programs in North America.

Under foreign ownership and land administration, Mr. Chairman, we have no increases other than inflation in salaries, and no program changes. Under surveying and

mapping services, we plan to continue existing programs which are designed to establish an integrated surveying and mapping base for the public and for provincial departments. It is expected that the completion of the geographic positioning base would be accomplished by 1988.

A \$12,000 grant will be provided for operating funds for an incoming international federation of surveyors. This group moves every three years. They will be relocating here in Edmonton from their former headquarters in Europe, and we are pleased that this is taking place. It is supported by the federal government, the private sector, and the provincial government. A donation of some \$10,000 was received last year by Stewart Weir & Co., and we're looking forward to receiving a similar one from them this year. This move is very positive for the province and the city, and we're looking forward to having them here for the next three years.

Mr. Chairman, I'd also like to follow through on part of a question that was asked in the House. I've been waiting for my colleague to answer his half of it because the other half referred to me. It's with reference to the integrated management plans. The integrated management plans for the Brazeau timber development area — Rocky, Clearwater, Brazeau, Pembina, Nordegg, and Red Deer rivers — will be completed by December 1983.

Since a major development in the Brazeau will provide at least 800 new permanent jobs, the government is not willing to introduce any unnecessary delay and is proceeding expeditiously with planning of the Brazeau area. Our most optimistic timetable for negotiating a forest management agreement and having a timber management plant constructed would indicate that the earliest possible commencement of logging would be early 1985. This would provide adequate time for the land-use planning results to be incorporated into the forest management and logging plans.

Thank you, Mr. Chairman. I'm looking forward to answering any concerns after that of my colleague.

MR. WEISS: A few short remarks, if I may, with respect to the minister and associate minister; specifically, page 45, vote 3.4, financial assistance for Alsands project. I'd appreciate the minister giving the members of the committee some clarification on the amount of the expenditure, some \$2 million. Of course, I note that the comparable '82-83 estimates was some \$4 million. To be exact, would the minister advise the committee if any of this was shared with the federal government and specifically what the funds were allocated for? I can appreciate the amount and the problems, having been directly involved in the area. I am certainly supportive of all the efforts that were made on behalf of the province of Alberta to bring that project to reality but would appreciate some clarification.

Also, if you refer to page 55, vote 11.0.1, the Alberta Oil Sands Technology and Research Authority, there is some \$3,478,000 being allocated. Would the minister advise if there was any commitment of funding for a research facility in the McMurray area? I'd appreciate an update on this overall program. As well, would the minister be prepared to give us a commitment that should the project proceed, it would be forthcoming for the McMurray region?

With regard to the associate minister, I do not wish to go on and on, but I certainly echo his sentiments in regard to the department and the assistance. I have been involved, particularly in the Lac La Biche-McMurray constituency, with ongoing challenges that relate to that

particular department. At this time, I would like to thank the department and the staff for the ongoing assistance in such areas as grazing leases, green zone land areas, fish enhancement programs; I could go on and on. Specifically, I'm very pleased with the game ranching that's just been introduced into the Kikino area. I think that association should be an ongoing benefit to both the community and the future of game ranching in Alberta. Of course, we hope that will be successful.

I would also like to thank his predecessor and the current minister for their assistance through the department for the finalization of acreages, which are going to be a reality in the Fort McMurray area. This is a first; it's taken some four-plus years. It just shows what can be done. I'm very pleased and certainly would like the minister to express my thanks down through the department for that assistance.

I ask the associate minister to review the recommendations of the select committee on fishing in the report that was tabled in the Assembly. I request that they review that report and hope that they would implement some of the findings and recommendations suggested in that report. I'm looking specifically at the freight subsidy pertaining to the delta fishermen's co-op in the Fort Chipewyan area. I have some concerns and, if that's not going to be introduced this year, I'm afraid we're going to be faced with a very disastrous position in that community.

Going back to one specific area, I would ask the minister to review the size of timber projects or quotas that are handled throughout the regions. In view of the downturn in the economy, I hope they'd be able to piecemeal some of these projects in order to involve some of the smaller operators. We have to get some of these people back to work. Perhaps in the areas where we have burnt timber, they could involve some funding projects and assistance to better harvest this particular material and, at the same time, make it beneficial to the long-term benefits of the forest reserves for the province.

I close with those remarks, Mr. Chairman, and look forward to their responses.

MR. R. SPEAKER: First of all, Mr. Chairman, I'd like to congratulate the two ministers on their new responsibilities. I certainly wish the best for them both, the Member for Calgary Forest Lawn and the Member for Wetaskiwin-Leduc. I know they are representative of the free-enterprise, free-market system of this province. I hope they carry those principles forward as their basis in the endeavors and responsibilities they will have. I recognize both, and certainly the Member for Calgary Forest Lawn in dealing with the federal government that has a different point of view, a rather compromised, maybe socialist position that I think is unfortunate. But we have to deal with that within our Canadian framework, and I wish the minister the best.

I think we as Albertans are most concerned about energy pricing. Whatever happens with regard to the question of energy pricing relates to the total economy of Alberta and other parts of Canada, and as well has some effect on the United States. The minister has already made some comments on the various proposals.

One of the topics I'd like the minister to comment on is the 1981 agreement. At present, I understand discussions are going on between the hon. Mr. Chretien and the minister with regard to a future policy. In terms of domestic oil, I understand the province of Alberta would like to move toward world prices; the federal government does not. They say there are certain reasons why then

don't want to do that. As I understand it, we could move to world price if we waived the 75 per cent ceiling in the present agreement. I'd appreciate knowing what kind of attitude the present has with regard to that. Is he willing to bend? Is he willing to change?

If we look back historically, if we had signed the 1981 agreement with a world price clause in it, we'd have been further ahead today; consumers and businesses would have been further ahead. If we had stuck to our principle of the market place, as I appreciate we did and wanted to in Alberta, we'd have been better off today. I hope that's a lesson for us here in Alberta in terms of other kinds of things we do and in terms of government — very important.

Again, domestic price is affected by the 1981 energy agreement. I would be interested in knowing what attitudes the federal government has with regard to future increases. Is the next increase next August? I would be interested in whether the federal government still wants to forego that increase. What is Alberta's position? Do we want to forego it? Will we have a new agreement by then? Is that one of the target dates we're working with at the present time?

Export oil is one participant in the discussion of energy pricing. The National Energy Board regulations tie that up. What kind of relationship do we in Alberta have with the National Energy Board? Because we own the gas, we are the producers and we have control of production. Does that have a great influence with the National Energy Board in terms of setting prices and determining what happens to our oil exported from Alberta into other markets?

Export gas, the other component of this energy pricing, is again governed by Canadian/US- agreements tied to the price of imported oil in Canada. At the present time, is the federal government willing to listen to the free market argument of selling and pricing? Will they let the market place determine what happens with regard to export gas? I understand they won't. What kinds of difficulties do we have to overcome to get the federal government to listen to that kind of policy, based on some very basic principles that we believe in in Alberta?

I see those as the problems and concerns the new Minister of Energy and Natural Resources will have to face, because we have a federal government that comes from a different perspective than we in Alberta. Often when you can't agree on the basic assumptions or principles, it's difficult to come to the same conclusions, which is most unfortunate. When you look at the federal government that has predicted a deficit of 20-some billion dollars this year and, with the present trend, most likely up to \$25 billion or more in the next fiscal year, you can see the political pressure is on them to take from rich Alberta, which only complicates the matter. I would appreciate the minister's feelings about this environment at the present time. Can we work our way through the environment to some sort of an amended 1981 agreement in terms of our domestic oil and gas? Can we influence the National Energy Board with regard to pricing with that kind of environment about us?

The other area that I'd just like to raise fairly quickly is with regard to energy conservation. I believe we raised the issue earlier in the Legislature. There were posters with regard to thingumabob and thingumadoodle. I wonder how those things are working out. More specifically, what kind of specific programs are designed to encourage energy conservation by people across the province? Do the programs, as such, fall under one adminis-

trative heading or are they split up? What is actually happening? How much money is being allocated in the department toward energy conservation? Are there any studies on the effectiveness of these kinds of programs, or is some public relations firm just doing the work and earning an income without us really testing what the results are?

In terms of the associate minister, there is one area that I would like to be brought up to date on; that is, with regard to the fish marketing report that we brought in two years ago, if I recall correctly. I wonder if the minister could bring us up to date as to what has happened with regard to those recommendations. Has the minister met with the fresh fish marketing board? Has he been to Winnipeg to look at the plant there? From his perspective as a free marketer, what are his initial impressions with regard to the present setup?

Mr. Chairman, those are some of the preliminary questions and remarks that I had.

MR. NOTLEY: Mr. Chairman, I intend to deal with three or four issues during the course of my remarks on the estimates of the Minister of Energy and Natural Resources. First of all, dealing with the question of oil pricing in this country, there is little doubt that with the uncertainty that occurred for the first several months of 1983, the energy agreement of 1981 was jeopardized. There is absolutely no doubt about that.

The position that my colleague and I took — a position, I might say, endorsed by the provincial executive of the New Democratic Party in Alberta — was that there should be no rollback in oil prices on July 1. That's not a position which our conferees elsewhere in the country took, but then in a democratic party — they tell me the Conservatives differ from Ontario to Alberta. I'm not surprised that same thing would happen in other political parties as well.

Mr. Chairman, having made that observation, I don't want to spend the bulk of my comments on the estimates patting this government on the back. That is not the job of the Official Opposition. We've got 75 members from the government side to do that — very nicely, thank you. Our principal responsibility must be to look at those areas where we think some genuine criticism — constructive criticism, we hope — would benefit Alberta.

Mr. Chairman, having said that about the oil pricing situation, I want to say one additional thing on oil industry development in Alberta, that is, talking about conventional oil. I think we have to review the incentives which were announced in April 1982. In our judgment, aspects of ALPEP which are performance related are supportable. But I do not think some of these across-the-board concessions, particularly with respect to royalty reductions where there are no performance guarantees, can be justified at a time when we have a government which has to throw the brakes on in so many other areas, when we have a government that is bringing in user fees in our hospitals because it is pleading poverty. The minister has finally backtracked on the palliative care unit, but two weeks ago he was telling us he couldn't finance that because of the fiscal difficulties of this government. Then under the economic resurgence package, we have a program which is going to total \$5.4 billion over four and a half years.

Mr. Chairman, no one is arguing there are not some aspects of that program, whether it be the geophysical program or the other elements of the program, which are performance related. For example, our provincial NDP

energy committee has looked at a number of aspects of ALPEP. Those programs which are performance related, Mr. Minister, are the programs that are working. I suggest to you that the across-the-board, expensive aspects of the package and the bulk of the costs of this \$5.4 billion are in the no-holds-barred, across-the-board royalty retreat, which is costing us a lot of foregone revenue but, frankly, I don't think it is doing the job. If you want to zero in with your incentives, relate them to performance guarantees — fair enough.

We've had a debate before, in the estimates of the Minister of Agriculture, over the performance guarantees that we expect from the railroads if we're going to modify the Crow rate; so fair ball. As a matter of fact, I think there have to be a lot more performance guarantees than the Pepin proposal suggests. But to suggest that somehow that doesn't relate to the oil industry, that that's massive government intervention, I think is just not accurate. We're dealing with foregone revenue. The minister can use the term "massive government intervention" all he likes. Of course this government should talk about massive government intervention. When we look at the labor/management scene in this province, we are about ready to explore the depths of massive government intervention when it comes to handling the labor/management relations in this province.

MR. MARTIN: Two rules.

MR. NOTLEY: My colleague says, two rules. In any event, Mr. Chairman, we have no hesitation in telling the minister in a very frank way that when we have to cut our cloth in other areas, it seems to me we have to take a close look at that entire incentive program.

[Mr. Appleby in the Chair]

Mr. Chairman, I want to move from there to look at this issue of the ministerial announcement of April 11, I believe. I read through the little leaflet put out for government backbenchers, entitled Important Facts About The Canadian Natural Gas Trade With The United States, Independent Petroleum Association of Canada, the CPA, and the government of Alberta. I have to tell the minister quite frankly that as I read over many of the questions and answers, it's very interesting. We have question, answer, question, answer. It certainly should be helpful to various junior high schools in the province. But in any event, one can't quarrel with the observations contained in this document.

Why is the price of Canadian gas the same at each border export point?

Answer:

The uniform border pricing policy was set in 1976 by Canada in response to an official request from US authorities.

Fair enough.

What is the history of the Canadian export price since the signing of the Duncan/Lalonde ...

Answer ... It goes on. I don't have any particular quarrel at all with most of the questions and answers. For example, I look at this question:

How does the current wellhead price for Canadian exports of \$3.84 US compare with domestic wellhead prices in the United States?

The answer:

As of year end 1982, about 40% of the gas supplying the interstate pipeline market was from US domestic

sources averaging 3.75/mcf at the wellhead.

The little leaflet points out that the cost of taking gas to the U.S. border, averaging \$1.10 U.S., makes the price that utilities have to pay for this gas somewhat higher. But if you relate it back to the wellhead, our price compares very favorably.

Mr. Chairman, another question:

Why are minimum take-or-pay commitments required under Canadian export contracts?

Answer:

Some \$6 billion is invested in Canadian field gathering, processing and mainline transportation facilities to serve US markets . . . Hence, Canadian border contract take-or-pay sustains facility investments — US domestic producer take-or-pay does not.

Mr. Chairman, as I read through this leaflet, I don't have any quarrel with the questions or the answers. But I have a quarrel with the conclusion that the minister outlined in this Assembly in April. As I read the ministerial statement — and I brought it along so I wouldn't misquote it — what we have is an agreement on the part of the Alberta government to reduce the basic price from \$4.91 to \$4.40. Then, providing the companies buying gas from us take "50 per cent of the annual licensed quantity related to each export contract", they will qualify for this new incentive price of \$3.30 for those "quantities taken in excess of those quantities to which the base price applies".

Mr. Chairman, I think that is a rather important point, which this committee should assess for a moment. We have people in the United States who have put enormous pressure on us to export gas. I well remember the debate; the minister will remember it too. Most of us in the House, for heaven's sake, should remember the tremendous pressure that was put on us to get on with the Alaska pipeline. We had the Carter government in office, and building that Alaska pipeline was one of the key elements of the Carter energy package.

The minister can say, that's all changed now because Reagan came in, Reagonomics, decontrol — although decontrol of the gas industry occurred under the Carter administration. But decontrols brought all this additional gas, so it's changed. As one reviews the history of oil politics, Mr. Minister, the point is that the one thing that seems to be constant is that we move from scarcity to surplus. But the bottom line is that we always seem to have this very powerful force south of the border — you know — in a very convincing way, pressuring us to do things. And we're always responding to that pressure.

So for the bulk of the '70s, Mr. Chairman, we were reacting to pressure from the United States for more natural gas. I must say that I was quite proud of our government. Our party has always opposed additional export of natural gas, but the kind of export that occurred when there was a cold winter in the United States, and we had emergency provisions — this country responded to the emergency. I think it's identified here in the leaflet as 1978, I believe, or '79 — I forget the year. But we responded with additional exports of natural gas at that time. It seems to me that as a nation we have a reputation of reliability in responding to what has been, for close to a decade, continued pressure from the United States for additional exports.

I remember watching Ronald Reagan's march to the Republican nomination in 1980. One of the planks in his platform when he was seeking the nomination was indeed for a continental energy policy; we have to sort of share, especially the natural gas resources of Canada, with the

United States. Now because we have a temporary surplus in the United States, we have the utility companies down there putting pressure on their congressmen saying: okay, we don't need any more export; we'll cut back. Mr. Chairman, the thing that disturbs me is that I think, as members of the committee — the minister is a lawyer; maybe he can correct me if I'm wrong. I've talked to people in the oil industry too. A take-or-pay contract is just that; it is take or pay.

When these utility companies sign take-or-pay contracts, it seems to me there is some clear obligation on them to either take the gas at the price they agreed to, or pay and have the option of taking it later. It's a contract. This government has always pleaded support for the principle of sanctity of contract. Surely that has to work both ways. Surely when you have large utility companies that now have a temporary gas bubble in the United States say: we signed these agreements, but we really won't honor them any more because we don't have to; we'll go to the Reagan administration; we'll get enough lobbying in Congress to threaten Canada with force majeure clauses; and we won't honor them. What kind of neighbors are those? Not the kind of neighbors we were in 1978 when we released additional natural gas export to the United States because of their emergency situation. Now we have these companies saying, no, we won't honor our commitments.

Mr. Chairman, what is the response of the government of Alberta? As I said, this leaflet outlines many of the problems, and I don't disagree with the problems as cited. But now we have this proposal that if the companies — and I understand that the normal approach is that when they sign a take-or-pay contract, the legal obligation is that they must take 75 per cent of the volume of natural gas which is licensed. So providing they take 50 per cent of the licensed quantity of natural gas, they are now going to be eligible for a Brick Warehouse fire sale of \$3.30 per MCF natural gas price, not \$4.40 — a new special deal. If they are only partly in breach of contract, if they've only thrown out part of the contract but they're still taking 50 per cent of the volume they've contracted to take, suddenly we are now prepared to drop the price more than a dollar per MCF.

Mr. Chairman, that is a rather unique approach to the law of contract, whether between individuals, between companies or, for that matter, between especially good friends, as the United States and Canada should be. I know this government and the industry are desperate to sell more natural gas. I think there are other options; I am going to come to some of those in a moment. I know they're desperate to sell natural gas. But to suggest that companies which are actually violating their take-or-pay provision, providing they take 50 per cent of the volume of gas they've contracted to take, we're going to give them a deal and drop the price by that amount, I find rather hard to sell.

I think government backbenchers may find that a trifle hard to sell too, especially in the rural areas when they talk to some of their farmer friends who are complaining about the price of fuel and natural gas, and they say: but when it comes to Americans who are breaking their contract with us, we're going to give them a deal; we're going to drop the price by another \$1.10 per MCF. Mr. Chairman, I don't think too many of these rural Tory constituency associations are going to give the minister a standing ovation when he delivers that message. I think they're going to run their local MLA out of town, if they know what's going on.

Mr. Chairman, I really put to this government the simple question. If there is any logic in this leaflet, then the position that Mr. Lalonde and our minister should be taking, that the Prime Minister and the Premier should be taking, is to go to Washington and say that once a contract is signed, it should be honored. If we have a long-term position that is strong, and I think we do — over the next several years we may have a soft gas market, but we have a long-term position that is strong; we're a reliable supplier of natural gas — then a strong position taken in Washington would, in my view, be the best possible way to deal with the situation.

How does the minister know, and how can he assure this committee, that if we go down with this proposal — drop the price a dollar per MCF; bring it way down below the figures he himself has pointed out in this report — that that in fact is going to stabilize or yield a larger market? Do we know that? We don't know that, Mr. Chairman; we don't know that at all. As we get closer to a presidential election — we've seen gas pump politics in Canada and the United States, and natural gas home heating politics in the United States. You've got to be kidding.

The minister has been around long enough to know that when he's dealing with politicians, he has no way of any assurance at all that the policies of the last two and half or three years by the Reagan administration will be followed if there is a change in government in November 1984. That's a very distinct possibility, if the public opinion polls in the United States are correct at the moment.

So why are we getting ourselves into a situation where we take the white flag, borne by the Premier down to Washington, and say: have we got a deal for you. It seems to me that the strongest approach, in this new era of federal/provincial co-operation between the federal Liberals and the provincial Tories is to insist that the new friends go down arm-in-arm, speak out and up for Canada, and say, \$4.40, not a dime less, because we can argue the case logically and in terms of the competitive position. That should be the joint position of the two governments, not saying that if you honor part of your contract we're going to give you a deal on the rest. Really, Mr. Chairman.

I'd like to deal with several other issues. This government apparently is very much opposed to a coal marketing agency. The minister has told us in the House that that is another form of massive government intervention and the decisions on who opens the mines should be up to the private sector. Mr. Chairman, I could probably buy that argument if there weren't any public costs involved. But it's a funny thing about opening up coal mines: there are all kinds of public costs involved. I happened to be at a meeting in Edson in 1965, when Ernest Manning went out to that community and announced that there was going to be a great new coal mine developed — McIntyre Porcupine.

All we had to do was build this little railroad as a bit of incentive to get the thing off and running. We had just closed down the Coal Branch a dozen years before, but we're going to build this new mining town. So everybody thought that that was a terrific idea: a private decision by a company to open up a mine, \$110 million of public funds to build them a railroad. Then we had to build a new town. Now, when that company is facing problems, in order to stabilize the public investment, we're going to have to put in more public investment by locating a jail in Grande Cache.

Eighty miles across the border, as the crow flies, we

have the government of British Columbia spending \$1.4 billion opening Tumbler Ridge. They've got the Japanese involved in a consortium on a cost-sharing basis, a joint-venture arrangement. Mr. Chairman, they're going to be taking markets. The minister says, oh, there's no relationship between provinces. I don't think that's true at all. When I hear Mr. Phillips, the member who is across the line from my constituency, tell me about the markets they're going to be taking, he isn't discussing any market sharing with Alberta — I can assure you.

Mr. Chairman, doesn't it make sense, if there's going to be a lot of public investment involved, that we have some kind of rational approach to opening mines, so we're not opening up one mine in one area and spending all kinds of public dollars in that area and closing it down again? I don't know where things stand on the ERCB report — perhaps the minister could answer it — that there be a new coal mining town south of Hinton. The proposal is that we have to put a road in to service this town, as well as — heaven knows what the infrastructure costs of opening up a new bedroom community would be for the coal mines south of Edson.

Mr. Chairman, I don't quarrel with that, nor does my colleague, if it's part of a planned approach so we don't find that Grande Cache is being closed out simply because we're opening up a new mine in another area. Surely we have to have some kind of rational development of the coal mining industry, because there inevitably will be public funds expended.

We cannot open up mines in the absence of very considerable public investment. If we're going to be asking people in the Peace River country or southeastern Alberta to bear through their taxes some of these costs of public infrastructure, they have a right to know that that infrastructure is part of a plan which is not just simply reacting to the initiatives of individual companies but that it is part of a strategy of building a strong coal mining industry which has some viability, some permanence, and that the public investment will be paid back many, many times over.

Mr. Chairman, given those assumptions, I don't see what is so wrong with the idea of a marketing agency. People get excited in this House when a person raises that. Of course they don't get excited about restrictive labor legislation, but they get excited about a marketing agency. The Japanese don't have a government agency, but as I understand it they certainly have a very tightly knit, government-sponsored consortium of importing companies that bargain very well. Mr. Chairman, if you can have a consortium of importers, why isn't it possible to have a marketing strategy where we look at the development of coal mining in the west, particularly Alberta and British Columbia, and try to ensure there is efficient development of the industry as a consequence?

Mr. Chairman, I want to say one other thing before concluding my initial remarks. I may have some other things to say a little later, but I certainly want the minister to have an opportunity to respond. On the question of the current natural gas market, of course one option is to scramble for export. I think another alternative we have to explore is the system of market sharing, a system of prorationing.

I know that some of the larger companies are not in favor of prorationing because of the way the pipelines are set up and the deals some of the major companies get in being able to market their gas. Why would they want a system of prorationing? They own enough of the pipeline companies that in fact they're able to impose what is a

form of prorationing, but it's not equitable prorationing. I say to the minister that there is really no reason we can't have a system of prorationing for natural gas. When that issue was raised in the House a year ago, the minister's predecessor, Mr. Leitch, said, well, there are all kinds of technical problems with prorationing; it just wouldn't work.

Mr. Chairman, there are several states south of the border — I believe Texas is one, for example — that have not only prorationing of oil but prorationing of gas. I really doubt anyone would suggest that Texas has become a bastion of socialism, that somehow J.R. has turned over and become a closet New Democrat.

AN HON. MEMBER: Only compared to these guys.

MR. NOTLEY: Well, perhaps compared to this group, but still I think it's a bit unlikely.

Prorationing works in Texas. Why can't we consider this sort of option in Alberta? It would be a way of taking the existing market, dividing it on an equitable basis, and following a system that worked quite well. The whole concept of prorationing was really developed — or perfected, at least — in this province. If my memory serves me right, the reason we have the ERCB is that we had the old Oil & Gas Conservation Board, which was set up to determine how prorationing would be operated in this province, what allowables would be given to the different wells in the province when they had a surplus of oil. We had to have some kind of market supply management, if you like. It was brought in by the Manning government not over the opposition of the industry, but recognizing that if they didn't do it, there would be a situation which might be good for the consumer in the short run, because the price was dropped, but there had to be some kind of market sharing or there would be no oil industry in Alberta. So we saw prorationing established, and the erection of the Oil & Gas Conservation Board to control and administer that system.

Mr. Chairman, we now have a surplus of natural gas. I suggest to you that it is sophistry to suggest we don't in fact have a form of prorationing, but it's an inequitable form rather than a form which allows the smaller companies a reasonable share. For example, I take the receipts from the export flowback in 1980. It's remarkable to see how a few large companies here do so well in terms of their annual production and export: Shell Canada, 211 billion cubic feet; Amoco, 141; Dome, 125; Gulf, 115; Imperial, 115. But what you find, Mr. Chairman, is that a very significant percentage of the gas exported from this province is exported by a small number of companies and, for the most part, it's the smaller producers that have their natural gas shut in. They're too far away from a pipeline, and at this stage of the game they're the ones holding the bag. But, Mr. Chairman, they found most of the gas in the last few years, not the large gas hogs.

So, Mr. Chairman, it seems to me that one of the things we should be looking at is a system of prorationing. I don't care much if the minister considers that massive government intervention. It's certainly a free country; he can consider anything massive government intervention. I think it's a legitimate proposal that has to be examined, particularly when we look at options which involve massive price cuts of a natural resource that belongs to all of us.

So as I review the policies of the Department of Energy and Natural Resources, obviously there are areas where we differ. One important item I'd like to conclude on is to

ask the minister to bring us up to date on the heavy oil upgrader and where things stand on that particular project. I've always felt that if we could develop the Lloydminster-Wainwright fields, where we have a very significant amount of oil — literally hundreds of wells would have to be drilled to bring that oil into production — that probably would do more to bring back activity to the oil service and drilling industries, to those many aspects of the industry that are not located in the high office towers in Calgary but are dispersed throughout rural Alberta. If we saw a major opening of the Lloydminster-Wainwright fields, that would stimulate a significant revival of the oil industry in Alberta.

Mr. Chairman, obviously before we get very far on the opening of the heavy oil fields, we have to have an upgrader. It's my understanding that discussions with Husky have taken place. If the minister's in a position to bring the committee up to date on where those discussions are at the moment, and whether he anticipates any financial sharing in the form of equity or debt capital from the trust fund or from the government of Alberta, that would be interesting as well. But probably more important than the composition of the capital structure is the timetable the committee could be given as to when this project would proceed. So I think the heavy oil upgrader would probably do a good deal more than investment of funds, even on a capital basis. A debt basis, without voting rights, would probably yield far more than many of the government incentives in the program announced a year ago in April.

[Mr. Purdy in the Chair]

Leaving that question with the minister, I conclude my remarks, Mr. Chairman, by telling this government again that I and my colleague, as members of this Assembly, are not going to be stampeded into supporting this incentive scheme. We think it's basically wrong. We don't mind saying that bluntly and frankly, whether we speak to people in the oil industry or I say it in the Assembly or in my constituency. We think that's the wrong approach. If in fact there is going to be a new *esprit de corps* developing between the two levels of government, let it be on the basis of making solid and strong representation to the government of the United States — which, bluntly, has been perhaps our closest international friend — that if you sign a contract, you honor it. If a take-or-pay provision is in existence, then we expect those importers, utility companies, or whoever to honor the solemn commitments they made with our firms in this province and this country when those contracts were signed.

MR. STROMBERG: Mr. Chairman, to the associate minister. Last week in question period I had the opportunity to ask him about the wolf situation in the province. I'm not sure I was able to get all the answers at that time. I asked if he would indicate what the present wolf population is. I believe a news release was issued from your office some time last fall, Mr. Minister, indicating there's something like 9,000 wolves out there. They've increased to such an extent that they have extended their range down to the American border, moved into the settled areas of Alberta, and caused more than considerable concern not only to the farming and ranching community but especially to hunters.

With the number of both resident and out-of-province hunters who invest a fair bundle to get in on a moose hunt, with no guarantee of success, if we're going to



encourage big-game hunting, we're certainly going to have to look at controlling the [wolf] population. As I indicated the other day, they certainly aren't vegetarians. The biologists have come up with some stats showing how many adult moose, adult deer, and fawns are taken by a family of wolves each year.

I would also like to request the minister's viewpoint in regard to trophy lakes in the province. There are five. The one I'm familiar with is Winnifred Lake. By the way, about 22 minutes after the House prorogues this spring, I'll be on my way up there. But I'm a little surprised when I have to buy a fishing licence, then buy a trophy licence on top of it, and when I get to Winnifred, I find that they allow commercial netting on that lake. If you're going to designate lakes in the province as trophy lakes, I think you have to seriously look at whether you will allow commercial netting. I realize that in commercial netting they're after whitefish. But a number of trophy [fish], both pickerel and pike, are naturally picked up in these nets.

I would also like to mention, Mr. Chairman — and I've certainly talked to the minister — the concern our area as to the policy of grazing reserves we operate in the province. I have made some recommendations. I would like to recommend further that due to the number of applicants for these community pastures — I'm not sure how many are turned down. As the minister indicated, perhaps the rent is way undervalued. Perhaps he could comment on that.

Perhaps a new policy for community pastures would be that they only be for the beginning farmer. The beginning farmer — and this could be handled through the agricultural committees we have set up in each county — would be able to keep his livestock in a community pasture for only five years. At the end of five years, he should have his dugouts in shape, his water wells, his fencing, and everything else that goes with a herd, and start revolving. It would appear that the way they're being operated, some of these community pastures are a fairly closed club.

Last week I read with interest the minister's annual report. I have a question. I notice there's been some timber cleared for increased habitat. Some of this was in the Birch Mountains which, I believe, are northwest of Fort McMurray. I suspect this would be for moose pasture. I believe the other clearance was in the Clear Hills. I would appreciate it if he could comment. How successful is this habitat they're creating through actually bulldozing blocks of timbered land?

Finally, has the minister, in the short time he's been in office, addressed the age-old problem — I realize it's embedded in statutes — that has been a concern of the Alberta Fish & Game Association and a number of hunters? Year-round hunting has thwarted some Albertans. I'm speaking of native hunting.

MR. MARTIN: Mr. Chairman, I'd like to make some brief remarks on about three areas, with a question in between. The first area has to do with what I call oil politics rhetoric. It has to do with the surplus we now have, or at least we're alleged to have, in terms of natural gas. In the minister's and his department's estimation, how many years of surplus do we have?

The reason I ask that, Mr. Chairman, is that many years ago, if you recall, we used to hear the same thing about an oil surplus. Of course that was at a time when prices were low, so there was an advantage to the oil industry to ship as much oil as they could quickly. I

remember the federal Minister of Energy, Mines and Resources standing up, after talking to a number of oil companies, and saying something about hundreds of years of surplus. Then, as we are well aware, when we had a supposed shortage of oil and the price was up, we were facing a crisis. So I would ask the minister — as much as he can through the rhetoric — how many years of natural gas surplus they would guess we have at this moment?

The second area I'd like to reinforce is what my colleague was talking about. I'd like to come to it in a little different way, Mr. Chairman. I'd like to call this the triumph of weak knees: Chretien's announcement and Alberta's acquiescence in terms of an agreement that we've already held. I point to the pamphlet they put out. For this reason, I wonder why we're into this. The first question says: "Has Canada been a secure supplier of natural gas to the United States?" Obviously the answer to that question is yes. They refer to the '70s:

During the '70s natural gas supply curtailments were experienced in many parts of the US, however, states such as Michigan had no curtailments due to their access to Canadian gas. The spirit of the Canadian-American natural gas trade was exemplified during the exceptionally cold winter of 1977, when Canada increased deliveries above the authorized license levels within 24 hours of receiving an emergency request from US authorities.

That's true. As my colleague said, at that time, because they were facing emergencies, it was the right thing for a neighbor to do.

I go near the end, and I tie the two things together for the Minister of Energy and Natural Resources:

Will the United States need increased Canadian imports in the future?

Yes . . . The current gas deliverability surplus in the US is caused by reduced demand resulting from the factors discussed earlier, combined with increased supply resulting from record drilling . . . in 1981.

In other words, it's clear that at some point they're going to have to come back and ask for our gas. Are we going to renegotiate those contracts? Surely they should live up to the agreement we already have with them, because of the fact that we have been a secure supplier of natural gas to the United States. Instead, as my colleague has pointed out, in the case we're talking about it seems that bullying works. In other words, what's good for the United States now is a little cheaper. Later on they'll want it back the same way, and we'll probably cave in there too. It seems to me that through the Minister of Energy and Natural Resources in Alberta and his counterpart with the Canadian government, we should have clearly said, we are a secure supplier.

We proved that we've been a good neighbor in the past, and why are you breaking the agreements now? Why do we get a change of rules now? Why do we break contracts now? The only answer we can come to is that bullying works. So now we have caved in. I know we call it incentive pricing. That's a fancy term. Quite frankly, I call it selling out. That's the only answer for it. I think we should have had some backbone and said: live up to the agreements. We've been a good neighbor in the past; you should be a good neighbor in the future. I would like the minister to come back to that. I've heard his rhetoric before, but I think the facts speak for themselves.

The third area my colleague talked about that I'd just like to reinforce is the Conservative example of what we

call trickle-down economics. We start at the top, give them the money, and hope that somehow it gets down to the unemployed. I go back to last April, when we brought in the so-called — and I stress "so-called", Mr. Chairman — economic resurgence plan. The Premier told us at that time that additional royalty rollbacks would generate new activity and new jobs for Albertans. The record shows that while the government handed over thousands of dollars for every man, woman, and child, we actually got nothing in return. Billions of dollars have gone through. We note that the net industry revenues in Alberta rose by close to 50 per cent as a result of increased prices and incentives, but what did we get for it? Well, what we got for it was that the number of exploratory wells completed in 1982 fell by some 30 per cent from 1981, while the number of development completions fell 11 per cent.

At the time we were talking about an economic resurgence plan, Mr. Chairman, we had some 36,000 unemployed, and now we're up to 136,000. So when the government tells me they want to save money, I tell them very clearly, Mr. Chairman, that there is a way we can save money. My colleague has already talked about a number of ways, but specifically, if we want to give money to the oil industry in the name of economic resurgence, let's not kid ourselves and put performance guarantees on it. I know the Premier's answer was, we can't tax a free-wheeling industry. What nonsense! If you're doing something to create and stimulate the economy, surely you should expect there will be some guarantees that that will happen.

Certainly, Mr. Chairman, I do not blame the companies. They're shrewd and they're good businessmen. They took the money, said thank you very much, and put it into debt reduction or explored in other parts of the world. I don't blame them for that. If I were president of the corporation, I would do exactly the same thing. But surely we can expect more from this government than that. I know the minister is getting a little edgy over there, but I think the results of the economic resurgence plan speak for themselves. We have more unemployment. In the last year we've had more bankruptcies in this province than we've had since the dirty thirties. The minister cannot deny that. The economic resurgence plan, based on giveaways to big oil, has totally failed. The proof is in the pudding.

I'd like the minister to come back and tell us if they would take a look. If he does this, if he says we're going to have performance guarantees now, I will stand up in the House and congratulate him. We're accused of being negative. But if he's not, tell us how we're going to make sure this money comes back? We've still got a lot of it invested in terms of the economic resurgence plan. When we start using user fees, cutting back on people services, increasing medicare premiums, the people of Alberta want to know where we can save money. Until the minister can come up with a more plausible explanation than he has at this point, Mr. Chairman, I suggest we look right there and at least save what we can from the massive government giveaway.

In conclusion, Mr. Chairman, I would like the minister's comments in those three general areas, with some questions in terms of all of them. Don't give me the rhetoric about free enterprise and the rest of it. I've put down some specific points. The proof is in the pudding. Let's deal with the facts. Mr. Chairman, I leave that with you.

Thank you very much.

DR. REID: Mr. Chairman, I'd like to make a few remarks to the minister and the associate minister, as I represent a constituency that has a peculiarly intense relationship with both gentlemen and their departments. I'd like to break the remarks into four parts: the first one the forest industry, then the coal industry, subsequently oil, gas, and chemicals, and the recreation potential. Some remarks will be addressed to one minister and some to the other.

First of all, because it's the most obvious one in the area, I'd like to address the forest industry and its potential in the Edson constituency. The constituency probably has within its boundaries some of the most valuable forests in North America. They're very valuable to the province of Alberta, and have much greater potential than the vast majority of Albertans or indeed Canadians realize. Within the constituency boundaries are the vast majority of St. Regis's forest management agreement area, a significant percentage of the Proctor & Gamble FMA, significant parts of the British Columbia Forest Products FMA, and the proposed Brazeau forest management agreement area.

The two functioning pulp mills in this province are based on fibre derived from trees growing in the Edson constituency to a large extent, and they produce a quality of pulp that has been made in Hinton for some 25 years and Grande Prairie for about half that time. But after all this duration of time, it is still a world-quality product. Other people have tried to emulate it. The Scandinavians make a similar quality pulp in small quantity, but in actual fact it is a world-quality product.

That brings me to the British Columbia Forest Products situation. Their proposal to the forestry caucus committee, which was included in the eventual FMA, was to put a newsprint mill in the Whitecourt district. I ask the minister if there are any representations he may have from British Columbia Forest Products to suggest that, as we have this very high quality fibre in west-central Alberta, perhaps they should give some consideration to using that fibre for development of a higher quality product than newsprint that can be made from almost any quality of coniferous fiber.

The Brazeau forest management agreement area, which has more to do economically with my colleague from Rocky Mountain House, in some cases is using a similar quality of fibre. Because of the environmental problems of a much more heavily utilized recreation capability, and also being on the river that supplies a major city with its water, it may not be possible to put the chemical types of pulp mill in that forest management agreement area unless they go to a closed water circuit.

I mentioned these four areas because in actual fact they are four forest areas in North America which are and can be used on a perpetual-yield basis. Thanks to the foresight of previous governments in this province, and the foresight of people who worked for St. Regis paper corporation — incidentally a multinational corporation, which would make them unacceptable to some political philosophies — we have a forest in Alberta which truly is based on a perpetual yield. What is cut is never in excess of what is growing.

That's in marked contrast to northern Ontario, northern Quebec, British Columbia, and many other jurisdictions on this continent and indeed this planet. Of course the difficulty we have is that when we do things like set up these forest management agreements, the real benefits are seen by not the generation who set them up but succeeding generations who, instead of looking at bare

rock and denuded forests, see the beauty of growing trees on a perpetual basis.

Another industry that is based on the forests in the constituency is going to open up this summer. It does not use this high-quality coniferous fibre. Believe it or not, it's going to use that scrap tree referred to as poplar — white poplar, aspen — and is going to produce a product, not currently available in North America, called oriented strandboard. Oriented strandboard, made from poplar fibre in very thin flakes, is a product that is waterproof and resistant to some chemicals. It can be made in sheets five-sixteenths to two inches thick, and anywhere from four feet by eight feet to eight feet by 28 feet in size.

The capabilities of that product, Mr. Chairman, are such that it will be possible to make a grain box for a truck and sell the prepackaged pieces to a farmer: one piece 20 feet by eight feet, two pieces four feet by eight feet, and two pieces four feet by eight feet. It doesn't need painting. It doesn't rust. It doesn't corrode. It can sit out in the rain. It just sits there. If he wishes to, he can paint it. This is just one example of what can be done with the aspen-oriented strandboard. That plant is almost finished. It's being constructed at the east end of the town of Edson.

There is potential in this province for many other plants of similar nature. The one being constructed will produce some 400 tonnes per day, but there is definitely potential in the province of Alberta for at least 4,000 tonnes per day of this product. It will be a world-quality product that we will be able to sell to the house-building industry, for instance. They'll be able to build the whole side of one house with one sheet of board, and it's weatherproof. That's an example of the diversification of the Alberta economy, based not on non-renewable resources but on a perpetual-yield resource. The forests also give us a lot of recreation potential. I'll come back to that later.

With regard to coal, I noticed a peculiar interest by the hon. Leader of the Official Opposition in the coal mining industry all of a sudden. Historically the world over, the coal mining industry has been two separate industries; They are not the same industry. When we talk about coal, we are really talking about two products: metallurgical coal and thermal coal. The problems of the steel industry worldwide have a direct influence on the metallurgical coal market. At the time the Gregg River Resources coal mine was proposed — near the Cardinal River coal mine, southwest of Hinton — nobody could have predicted what was going to happen to the world economy and to steel production, and therefore the purchases of metallurgical coal within a matter of four years.

The same thing probably applies to the developments in the Tumbler Ridge area of British Columbia. Those decisions that were made by private enterprise to develop additional metallurgical coal mines were made with the best knowledge available at the time. Certainly no marketing board would have made the slightest difference to the decision to develop those mines or to the eventual outcome we have at this time of a tremendous world surplus of metallurgical coal available.

Another problem with the concept of a coal marketing board is that every deposit of coal has slightly different characteristics. Those characteristics are significant to the use of the product in the metallurgical steel process. In other words, each mine has to have expertise about its peculiar coal deposit. They have to advise potential customers and have the expertise to sell the particular quality of metallurgical coal they produce. So a coal market-

ing board would have to have the expertise of all the coal mines.

I don't know what additional advantage having such a board would give the mines. In actual fact it would be an interface of government intervention between the producer of the coal and the purchasers and consumer of the coal. So a coal marketing board would not have made any difference to the current problems of Smoky River Coal at Grande Cache or Cardinal River Coals southwest of Hinton.

The thermal coal market is even more diverse than the metallurgical coal market, because there is a tremendous range of difference in the BTU capability of the coal. The high BTU coal can indeed be exported to other areas in North America or offshore. But we cannot use the low-quality BTU coal for those purposes, because the transportation costs are not justified in view of the thermal quality of the coal. It's for that reason that the area of the hon. chairman of this committee has so many electrical plants. But within the Edson constituency, we also have great variations in the qualities of thermal coal.

At the moment some is being exported to Ontario Hydro in the province of Ontario, and the further developments at Obed Marsh at McLeod River, Esso, Mercopal, and others will be offshore as well as within North American market. There is exciting potential for thermal coal in the possibility of the coal-methanol slurry, which will be sold as a liquid and can either be burned as a liquid fuel in boilers or can be taken apart at destination to the basic methanol and the coal powder. But there is an additional use of coal that has not developed much in Canada up to this time, and that is the chemical industry. I'll come back to that subsequently.

The next major non-renewable resource sector in the constituency is the oil and gas market, and the industry that has to do with those two valuable resources. We have several oil fields in the constituency. Indeed the west end of the Pembina oil field now extends into the constituency. We have much greater potential for gas production. When people talk about the deep wells in the foothills and the large rigs that are needed, in many cases they are talking about the rigs and wells in the foothills of west-central Alberta.

The problem of markets, that has been addressed in the question period and by other speakers today, is a crucial one for the development of natural gas markets for the gas wells in the constituency, and for the potential for drilling further wells and the effect that will have on the oil and gas industry. I commend the minister on the considerable efforts he's been making to retain gas markets we have and to develop further natural gas markets. It's true that the development of the coal-methanol slurry product will use considerable quantities of methane from natural gas, but there are other products from natural gas: ethane and the natural gas liquids. A lot of the gas in west-central Alberta, being deep gas, is sour gas with a considerable content of hydrogen sulphide. For that reason, we've a considerable number of existing gas plants, and just coming on stream are the large one at Robb and the Gulf Hanlon plant.

The total I'm coming around to, Mr. Chairman, is a plea for the minister and his confrere the Minister of Economic Development to look at the possibility of developing a chemical industry in Alberta. Of course the first thing is to have the basic stock. In that area of Alberta we have coal, which is a chemical base. We have quite large amounts of sulphur, ethane, other natural gas liquids. Methane or methanol can easily be produced.

There is limestone. There is salt, sodium chloride. In Saskatchewan we have potash.

I don't know what the chemical industry in Germany, Japan, or eastern North America would give to have all those basic essentials for a chemical industry within such a short distance from each other. It's a potential that has not really been looked at. We've all been so busy developing the basic industries that we haven't looked at the potential that is probably available.

I suggest to the minister that the next time there is a pipeline for the transportation of gas liquids from the expanding deep basin gas field, perhaps it could be taken south instead of east in the direction of Highway 16, the CN transcontinental rail route, and Trans Mountain's pipeline to Vancouver. The products can easily be transported by road, by rail, or by pipeline.

In closing my remarks, Mr. Chairman, I would like to address the recreation potential of west-central Alberta. Again, this affects both ministers. There is the fish and game aspect of it for the associate minister. There is the Willmore park aspect of it, again under the jurisdiction of the associate minister. But there is the broader recreation potential of approximately 10,000 square miles of Alberta outside Jasper National Park which rests within the constituency. Those 10,000 square miles include some of the most beautiful country in North America. There is tremendous potential for development of recreation and tourism in such an area in association with the orderly development of the forest industry, coal mines, and the oil and gas industry.

To take out oil, gas, and coal doesn't mean the desecration of the foothills. In fact if you go to the coal mine at Cardinal River, within its boundaries, living off the reclaimed land, is one of the largest flocks of bighorn sheep. That flock is a resource for tourists. They are so tame, because of the large number of items of heavy equipment that go by them, that if they were left open to the hunter, they would probably be massacred. They have no fear of man any more. They are more like the sheep in a national park. If hunting is ever made available in that area, it will have to be on a very carefully managed basis to make sure that flock is not exterminated. That's an example of what can happen on a reclaimed coal mine in the foothills.

I have to commend the other efforts of the associate minister: to rationalize the use of the seismic lines developed through the oil and gas industry, to close off many of them, and to make others into routes for four-wheel drive vehicles; or to take the roads that have been put in by the oil and gas industry, upgrade them, and produce maps so tourists and residents alike will be able to gain access to those beautiful foothills. Although it's only an experimental program, I am sure it will turn out to be a very valuable one and can be extended to other areas in the province.

I have spoken at some length, Mr. Chairman, because from the remarks made by the hon. Member for Spirit River-Fairview, the Leader of the Opposition, I have a feeling that he feels this government does not care and pays no attention to the long-term benefits of the province, Albertans, other residents of the continent, and indeed foreigners. But that area of Alberta he was addressing when he discussed the coal mining industry has potential in many ways other than just the extraction of coal. It is for that reason that I've taken these few minutes to address the issues.

Thank you.

MR. ZAOZIRNY: Mr. Chairman, prior to the question being called, I would like to spend a few moments responding to some of matters raised during the course of this very interesting and informative discussion. I will seek to do so by going in the order of speakers who contributed to this discussion. Regrettably, I see that two of the members who spoke are not in the House. The hon. Member for Edmonton Norwood, who was so concerned about the situation of oil and gas marketing, has left after having made his pitch. I see as well that the hon. Member for Little Bow, who had expressed some concerns, is no longer in the House. I regret that, but none the less we will respond to their concerns so it is in the record. Hopefully they will take the time to review it in *Hansard*.

Mr. Chairman, the hon. Member for Lac La Biche-McMurray made a couple of very specific inquiries that I'd like to respond to. He referred, first of all, to Vote 3.4, financial assistance for the Alsands project. He pointed out that the '82-83 estimate was precisely \$4 million. The '82-83 forecast was \$2,082,750. The reason for that expenditure, as many members will recall, had to do with a continuation of the Alsands work force for one additional month to enable the final negotiations of a hoped for Alsands agreement to be concluded.

There had been some expectation that the cost would have run in the order of \$8 million. There was an agreement between the federal and provincial governments to share that equally in the amount of \$4 million apiece. In fact those costs came in at approximately 50 per cent of that amount, just in excess of \$2 million. I can confirm for the hon. member that the federal government made an equivalent payment.

The hon. member also inquired with respect to the AOSTRA budget and, more specifically, the status of the Fort McMurray demonstration test centre. On that matter, Mr. Chairman, I can only advise at this time that discussions between AOSTRA and a number of potential industry participants are under way, with a view to concluding some commercial terms for that centre. We are certainly hopeful of those commercial terms being ironed out and, in the not-too-distant future, that very worth-while endeavor going ahead, which I trust will have the support of the hon. Member for Lac La Biche-McMurray.

Mr. Chairman, the hon. Member for Little Bow — who, as I noted, has departed from the House — raised a number of important subject areas that I'd like to comment on. First of all, he inquired as to the attitude of the present federal minister with respect to the energy discussions. I would simply say that in a recent speech in Toronto, the federal energy minister mapped out what he views as the range of options with respect to discussions of the energy agreement and included market pricing as one of those options.

Without wanting to read too much into that speech, I think it's fair to say that the minister has indicated a willingness, both publicly and privately, to discuss a whole range of options, including market pricing, which of course is the position of this party, if not that of the hon. Leader of the Opposition. I say that because he wasn't very clear in his remarks about whether he actually supports market pricing of crude oil, and I would like to get to that in a moment. Certainly those public and private statements are a positive sign, but one shouldn't speculate about the final result. We won't know until we get there.

Similarly, he made some inquiries as to the position of

this government on crude oil and natural gas pricing. I think that position is clearly understood. This government has long advocated a market-oriented approach, and that continues to be our overall view. The fact is we do have an energy agreement in place that has very specific arrangements in it. We are quite prepared to live within the terms of that agreement if we are unable to negotiate terms that, in our judgment, are more favorable from the standpoint of this province and more in accordance with the realities of 1983.

On the shut-in oil situation, the hon. Member for Little Bow — who has returned to the House — raised an important question as to the outlook of the National Energy Board in any communications, dialogue, and relationship with the government of the province of Alberta. Of course that is a quasi-judicial body. By the same token, we have been ensuring that our message about the need for price flexibility and reasonable term contracts for export sales goes before the National Energy Board.

The National Energy Board has stated publicly that they would be prepared to accept applications for export of light and medium crude. So we are making some progress. We have been going through a communications process with the NEB, while respecting their quasi-judicial nature, and we will continue to press very strongly for a resolution of this issue, the resolution of which can bring some extremely positive economic benefits to this country as a whole.

The hon. Member for Little Bow also inquired as to the attitude of the federal government to market pricing on the export gas scene. I am going to deal with that subject more extensively in responding to the remarks of the Leader of the Opposition, but indications are that there is a more realistic view on the part of the federal government to the need to be market oriented than perhaps was in evidence some time ago. There is a market-oriented view, of course, held by industry and by this government. We believe there is a greater sensitivity on the part of the federal government to a market-oriented approach. It seems that only the NDP still wants to ignore the realities of the market place.

On the subject of energy conservation, I mention two hon. members. Specifically, to the Member for Little Bow, who raised the question of the work of the energy conservation branch: the program involves some \$1.68 million in total, 15 permanent staff and two non-permanent. The activities of the conservation branch involve an industrial energy conservation program, a residential transportation program and, as well, an educational program and policy analysis and liaison.

Members might be interested in some of the results that have come about because of the good work of the energy conservation branch. On the industrial energy conservation side, over the past two years some 240 buildings and industrial plants have been visited, with identified potential cost-effective yearly energy utility cost savings of some \$4.5 million, in the order of 20 per cent. The demand for this particular program has the so-called energy bus, plus an additional portable audit facility, booked until October 1983. It's been very well received by industry.

On the residential transportation program, interested home-owners are being offered a series of seven free how-to-do-it booklets in respect of energy saving, through displays in some 620 co-operating building supply and hardware stores throughout the province, as well as utility companies and district agricultural offices. Some 440,000 booklets have been distributed in the past

12 months. A total of 47 community workshops on home energy savings have been provided in 30 centres throughout Alberta since November of last year. Of course publications on energy-efficient new home construction methods are being used by individual and commercial builders.

I think it's fair to say that general public awareness promotional activities have been well received. These have included newspaper advertising and guest TV and radio appearances. Both hon. Independent members will be interested to note that posters are used to provide information and promote other publications. All these materials are available free to the public on request. In addition to publications distributed through other agencies, the energy conservation branch deals directly with some 750 and, on some occasions, 1,000 requests per month for information or publications. So clearly there is very strong citizen take-up of these very important programs.

Mr. Chairman, that takes me to the remarks of the hon. Member for Spirit River-Fairview, the present Leader of the Official Opposition. I would attempt to respond to his remarks in the order in which they were given, so I hope members will forgive me if I tend to ramble. I'm following his order.

The first subject dealt with by the hon. member was oil pricing. Mr. Chairman, I noted with great interest his statement on the position of his party which, I understand, is a position of no rollback. I didn't hear him saying it was a position of market pricing. Perhaps during further discussion of these estimates, he'll be clearer about it and let the citizens of this province know whether or not his party supports market pricing. He was very quick to point out that there is a different position taken by his federal party.

Mr. Chairman, his quick response and quick mention of that brings to mind the old expression, methinks thou dost protest too much. The fact is that the NDP in this country is trying to ride two horses. In Alberta, they talk about no rollback; in Ottawa, for Ottawa consumption, they argue rollback. Frankly that's not good enough. I don't think the citizens of this province or this country accept that. You can't have it both ways, and it's about time they took a consistent position on this issue. As I say, methinks they dost protest too much.

On the matter of the oil and gas activity plan, the concerns — if I can phrase it that way — were raised by both the hon. Leader of the Opposition and his colleague the Member for Edmonton Norwood, who basically restated the comments on this subject by the hon. Leader of the Opposition. He talked about the need for performance guarantees. He questioned whether that program has been effective — those parts of the program that did not involve, for example, the development drilling and the well servicing program.

Mr. Chairman, I think the evidence of the effectiveness of that program is beginning to show through. We've seen those results showing through in the first quarter reports of some of the oil companies and producers. There's absolutely no denying the fact that the world pricing difficulties and instability, and the difficulties on the marketing side which we discussed earlier, have impacted upon the rate of recovery that has been achieved. But the first clear evidence of the effectiveness of that program — which was designed, amongst other things, to ensure that the industry could become strong and viable again and could undertake, as a result of that regained strength, the economic activities that are so vital to this province — is

showing through in those financial reports.

It's taken time. It's taken longer than anyone, including the industry of course, would have hoped. But to suggest that the program has not been effective is simply not accurate and ignores the realities of pricing and marketing difficulties that have been experienced in the last several months, which are common knowledge to all who care to accept those facts.

Mr. Chairman, the remarks of the hon. Member for Edmonton Norwood, when he talked about a failure of reinvestment on the part of the industry, provide an opportunity I've been waiting for for a little while. Because on one of the first days of the sittings, the hon. Leader of the Opposition rose and spoke with great emphasis about this failure of reinvestment. He quoted as his source *oilweek* magazine. Well, Mr. Chairman, I review *oilweek* magazine regularly. I also read other publications, including *Alberta Report*. Of course he was most interested to see in the March 21 edition a rather indignant response by the chief statistician of *oilweek*. He was in fact the gentleman from whom the Leader of the Opposition's researcher obtained his data.

The thesis of the hon. Leader of the Opposition was of course that there was a surplus of some \$6.8 billion in the hands of industry when one took a look at revenues received and deducted expenditures from those. What Mr. Rankin, the chief statistician for *oilweek* magazine, pointed out and was quite prepared to state publicly in *Alberta Report* was that the massaging of the numbers by the party of the Official Leader of the Opposition — and which he spoke so strongly about — failed to take into account such matters as income and corporate taxes, likely in the order of some \$2.3 billion; didn't take into account capital and operating expenditures for the oil sands, in the order of some \$1.3 billion last year; and didn't take into account even the petroleum and gas revenue tax. Apparently, Mr. Chairman, the NDP forgot about the PGRT in coming forward with their calculation and their numbers. I think the most effective statement about this whole business is that of Mr. Rankin, who is quoted in *Alberta Report* as saying:

"There is no surplus, believe me ... The industry is

in a deficit position. I explained all this to Peter Puxley. But if wants to reach different conclusions by ignoring half the picture, that's his business."

And so it is, Mr. Chairman, but I don't think that particular massaging of numbers should go without notice in this House. I welcome the opportunity and want to thank the hon. Member for Norwood for refreshing my memory on that incident of some weeks ago.

The fact of the matter is that it's clear that the oil and gas activity plan is working. The hon. Leader of the Opposition would have us tie strings to all those moneys. He'd like to create "son of NEP", the Alberta version and NDP vision of the National Energy Program. Quite frankly, Mr. Chairman, that's not the approach of this government. It never has been, and it never will be.

Mr. Chairman, I'm running out of time, and I'm just getting warmed up. Noting the hour, perhaps it would be in order for me to adjourn the committee deliberations of the estimates until they next come before the committee.

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

[Motion carried]

[Mr. Deputy Speaker in the Chair]

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

MR. DEPUTY SPEAKER: Having heard the report and request for leave to sit again, are you all agreed?

HON. MEMBERS: Agreed.

MR. DEPUTY SPEAKER: It is so ordered.

[At 5:31 p.m., on motion, the House adjourned to Tuesday at 2:30 p.m.]