

LEGISLATIVE ASSEMBLY OF ALBERTA

Title: **Wednesday, April 18, 1984 2:30 p.m.**

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

PRAYERS

[Mr. Speaker in the Chair]

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

MR. STILES: Mr. Speaker, the Private Bills Committee has had under consideration the question of the petition for Bill Pr. 13, Grande Centre expropriation Act, which did not comply with Standing Order 86. The committee recommends to the Assembly that the provisions of Standing Order 86 with respect to the deadline for the completion of publication of notices be waived, to permit the Bill to be dealt with once the proper publications have been completed. I request the concurrence of the Assembly in this recommendation.

[Motion carried]

MR. STILES: In addition, Mr. Speaker, the Private Bills Committee has had under consideration the following Bills, and recommends to the Assembly that they be proceeded with: Bill Pr. 1, Central Trust Company and Crown Trust Company Act; Bill Pr. 7, Newman Theological College Amendment Act, 1984; Bill Pr. 10, Edmonton Research and Development Park Authority Amendment Act, 1984; and Bill Pr. 11, Edmonton Convention Centre Authority Amendment Act, 1984. I request the concurrence of the Assembly in this recommendation.

[Motion carried]

head: **INTRODUCTION OF BILLS**

**Bill 35
Child Welfare Act**

DR. WEBBER: Mr. Speaker, it is my honour today to introduce Bill 35, the Child Welfare Act.

This legislation is the culmination of much hard work by organizations within the province, private citizens, departmental officials, and fellow MLAs. As a result of draft legislation introduced last fall, more than 150 briefs were received from the community and more than 50 from Social Services and Community Health employees, as well as numerous letters from the public.

Mr. Speaker, Bill 35 maintains the principles set out in the draft legislation but contains significant changes, in recognition of the public response. These include provisions for administratively distinguishing the guardianship and delivery roles within child welfare, including naming a children's guardian in the Act; for ensuring written treatment plans for children; for providing further rights for adopted children and their families; and for providing that chiefs and councils be consulted on the provision of child welfare services for Indian children.

Mr. Speaker, I would like to assure the House that regulations which will be developed following passage of Bill 35 will be subject to public consultation before the Child Welfare Act is proclaimed.

[Leave granted; Bill 35 read a first time]

Bill 36**Mines and Minerals Amendment Act, 1984**

MR. ZAOZIRNY: Mr. Speaker, I request leave to introduce Bill No. 36, the Mines and Minerals Amendment Act, 1984. This being a money Bill, His Honour the Honourable the Lieutenant Governor, having been informed of the contents of this Bill, recommends the same to the Assembly.

The purpose of the Bill is to adjust the method which currently exists for the calculation of nonrenewable resource revenue to be allocated to the Alberta Heritage Savings Trust Fund. At the present time, exploratory drilling and geophysical incentives given in the form of credits reduce nonrenewable resource revenues, while those same incentives given in the form of cash do not reduce nonrenewable resource revenues. The amendments would provide for the appropriation of moneys necessary to pay for these incentive programs, and ensure that incentives paid or given to explore for minerals are recognized as costs that are incurred to collect royalty and, as such, are an integral part of the royalty system.

[Leave granted; Bill 36 read a first time]

Bill 228**An Act to Provide for Equal Pay
for Work of Equal Value**

MR. MARTIN: Mr. Speaker, I beg leave to introduce Bill 228, An Act to Provide for Equal Pay for Work of Equal Value.

There was much debate about women's rights in the House yesterday. The amendments to the Individual's Rights Protection Act would specify equal pay for jobs involving work of equal value to the employer. The value would be determined on the basis of such criteria as the skill, effort, and responsibility required in the performance of the work, and the conditions under which the work is performed.

[Leave granted; Bill 228 read a first time]

Bill 234**Victim of Crime Levy Act**

MR. R. SPEAKER: Mr. Speaker, I would like to introduce Bill 234, the Victim of Crime Levy Act.

This Bill will add a levy onto the fines given to persons convicted of offences under enactments of the province or the federal government. The minimum levy will be \$25; the maximum levy will be 25 percent of any fine, not to exceed \$1,250. All moneys collected by this levy will be paid solely to the Crimes Compensation Board and shall apply solely to the purposes of the Criminal Injuries Compensation Act.

[Leave granted; Bill 234 read a first time]

Bill 259**Profit from Crime Act**

MR. R. SPEAKER: Mr. Speaker, I'd like to introduce a second Bill, entitled the Profit from Crime Act.

This Act allows the victim of a crime or, if there is no one victim of the crime, the Attorney General, to apply to the court to have the profits of a crime declared as such. Once declared by a court as profits of a crime, the Attorney General shall hold the moneys in trust to be used solely for the purpose of com-

compensating victims of that particular crime. If the victims cannot be located after two years, the money shall be paid to the Crimes Compensation Board, to be used solely for the purposes of the Criminal Injuries Compensation Act.

[Leave granted; Bill 259 read a first time]

Bill 22
Physical Therapy Profession Act

MR. KING: Mr. Speaker, I request leave to introduce a Bill, being the Physical Therapy Profession Act.

This Bill replaces the Chartered Physiotherapists Act. It extends mandatory registration and an exclusive scope of practice to members of the association, so as better to regulate the provisions of this important health care service to Albertans. The existing partnership between the physiotherapists and the Universities Co-ordinating Council is also strengthened. Several near professions that may be affected by this legislation exist in the field. There is a provision in the legislation that the Health Occupations Act will be available for the consideration of regulation of these practices, and a time line within which this may be done.

The Bill conforms to the government's policy on professions and occupations, Mr. Speaker. It has been awaited with great anticipation by the members of the association. The president, Marion Briggs, and other senior members of the Association of Chartered Physiotherapists of Alberta are in the gallery this afternoon to observe the introduction of the legislation, and I would like to take this opportunity to express to them my appreciation for the very co-operative work that has been undertaken by the association and staff for the introduction of this Bill.

[Leave granted; Bill 22 read a first time]

Bill 37
**Oil Sands Technology and
Research Authority Amendment Act, 1984**

MR. MILLER: Mr. Speaker, I request leave to introduce Bill No. 37, the Oil Sands Technology and Research Authority Amendment Act, 1984.

This amendment will enable expertise developed in the oil sands to be further used by the authority in the oil shales.

[Leave granted; Bill 37 read a first time]

MR. CRAWFORD: Mr. Speaker, I move that Bill No. 37 be placed on the Order Paper under Government Bills and Orders.

[Motion carried]

head: TABLING RETURNS AND REPORTS

MR. HYNDMAN: Mr. Speaker, I wish to table a report for the calendar year 1983, pursuant to section 16 of the Municipal Capital Expenditure Loans Act.

MR. SHABEN: Mr. Speaker, I wish to table the annual report of the Alberta Housing Corporation for the year ended March 31, 1983. Copies will be made available to all members of the Assembly.

MR. ZAOZIRNY: Mr. Speaker, I'd like to file a reply to Question No. 168.

MR. PLANCHE: Mr. Speaker, it is my honour to file the annual report, to March 1983, of the Department of Economic Development.

head: INTRODUCTION OF SPECIAL GUESTS

MR. KROEGER: Mr. Speaker, while I appreciate that you don't like special comments about visitors, I'm going to break the rules, because today we have a group that we often talk about in our caucus and in this House. They are the builders of the country. Today we have 39 — if the numbers are right — pioneers, the Hanna Pioneers. They're being chaperoned by a former schoolmate of mine, Mr. Philo Dean. I didn't know they need chaperoning, but there they are. Would you please stand and be welcomed.

MR. SPEAKER: May I respectfully say to the hon. Member for Chinook that he was neither breaking the rules nor in any way distressing the Chair. The allergy of which he spoke is not as bad as he made it out to be.

MR. ALGER: Mr. Speaker, this afternoon it's my pleasure to introduce to you, and through you to the Assembly — I'll name them by their Christian names: Jim and Doris, from Simcoe, Ontario, with their sons Michael and Joseph, from the delightful constituency of Highwood, and Michael's children Cindy and Ted. They all have the very familiar family name of Alger. I'm not sure that we're related, but I'm delighted to have them here this afternoon. They're seated in the members gallery, and I'd like to have the Assembly give them their warm welcome.

MRS. OSTERMAN: Mr. Speaker, seated in your gallery is a very special volunteer who has done much to stimulate interest and involvement in provincial consumer affairs, Mrs. Sally Hall. As president of the Alberta branch of the Consumers' Association of Canada, Sally has proved to be a dedicated and hardworking volunteer. Her ability to research and communicate on a variety of consumer issues has made her a well-known consumer spokesman. She has tackled the job of encouraging greater public understanding of and participation in our marketplace with real enthusiasm, and she deserves our commendations. Congratulations are also in order to Sally, because she was recently elected national president of the Consumers' Association of Canada.

Joining Sally in the gallery today is Imelda Cummins, who was elected president of the Alberta branch of the Consumers' Association of Canada on April 14. Incidentally, Imelda is from St. Albert, and Sally is a constituent of our hon. Speaker.

I ask them both to rise and receive the best wishes and warm welcome of the Assembly.

head: ORAL QUESTION PERIOD

Abacus Cities Investigation

MR. NOTLEY: Mr. Speaker, I'd like to direct the first question to the hon. Minister of Consumer and Corporate Affairs. It deals with the Abacus Cities investigation by the Alberta Securities Commission. Could the minister advise the Assembly what the obstacle was with respect to the completion of the Securities Commission report? I raise that because three years ago, on May 14, 1981, the minister's predecessor indicated that the report would be ready in the fall of 1981. What par-

particular obstacles developed that prevented the government from filing, or at least receiving, that report as predicted?

MRS. OSTERMAN: Mr. Speaker, I am not aware of very specific obstacles, but I am aware that the whole investigation became far more complex than was originally anticipated.

MR. NOTLEY: Mr. Speaker, a supplementary question. On Monday this week, the minister indicated that "a team of people [is] going through what I understand is a very voluminous report". Is the minister in a position to clarify just what the process is at the moment? Is she saying that no recommendations have been received yet by either the hon. Minister of Consumer and Corporate Affairs or the Attorney General, as a result of this long process?

MRS. OSTERMAN: Mr. Speaker, I have not received any recommendations.

MR. NOTLEY: Mr. Speaker, a supplementary question to either the hon. Minister of Consumer and Corporate Affairs or the hon. Attorney General. Given the time frame of five years and the suggestion in the House by the minister's predecessor that the report would be complete in the fall of 1981 — this now being 1984 — could either hon. minister advise whether or not a preliminary report has ever been developed?

MRS. OSTERMAN: Mr. Speaker, there has been no preliminary report.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. I notice, in Public Accounts, that until the end of the 1983 fiscal year, almost \$1 million has been paid out in legal fees to one particular law firm. Could the minister, or perhaps the Attorney General, advise whether any recommendations with respect to follow-up action the government should take on the Abacus Cities question have come from that law firm?

MRS. OSTERMAN: Mr. Speaker, I am not aware of any recommendations for action, but possibly my hon. colleague would like to supplement the answer.

MR. CRAWFORD: I'll attempt to do so, Mr. Speaker, and perhaps make an assumption or so in the course of that. Legal and accounting fees are usually paid in the course of receivership proceedings and the like, and are there to meet the requirements of the receiver and the person who is acting as a trustee or manager of various properties of an insolvent organization. Over a period of years, the fees can become substantial. I have no idea who they were paid to but would think they were for those purposes.

The relevance of the whole process, as far as my duties are concerned, is not in that area. The relevance to the whole process relates to the criminal investigation and whether or not any charges are indicated by the results of such an investigation. I've dealt with that matter in the House in the last few days.

MR. NOTLEY: I should just point out to the hon. Attorney General that the fees I am referring to are with respect to fees paid pursuant to the Alberta Securities Commission investigation of Abacus Cities.

My supplementary question to the Minister of Consumer and Corporate Affairs is to ask her to clarify her answer of April 16, in which she talks about this "voluminous report" — it should be, with the money we spent on it — and also

says that there is "a team of people". Could the minister advise the House what she means by "a team of people"? Who are they?

MRS. OSTERMAN: Mr. Speaker, the team of people I referred to have been hired, if you will, by the Securities Commission. Under normal circumstances we would not have that many so-called experts on staff to comb through such a, as I said, voluminous document. These people are basically lawyers. They have expert knowledge of the Securities Act and will be looking at the report in terms of what might be in it that would indicate a breach of that Act.

MR. NOTLEY: Mr. Speaker, a supplementary question to the minister. In the review of that report, does the team specifically include lawyers from the Attorney General's department?

MRS. OSTERMAN: Mr. Speaker, I have not got direct knowledge of who precisely is on the committee, but I can certainly undertake to get that information for the hon. member.

MR. NOTLEY: Mr. Speaker, a supplementary question. I take it from the minister's answer that, at the very least, the team of people would include people from outside the realm of government. Could the minister clarify whether the people, who have been under contract, I gather — but at least to whom we paid some \$3 million to the end of 1983 — are engaged in the process of reviewing the report?

MRS. OSTERMAN: Mr. Speaker, I'm not quite clear what people the hon. member is referring to. Those who would have been included in the original investigation that now forms the report, if you will, that cost in the neighbourhood of \$3.5 million — and the hon. member is quite accurate about that. If the hon. member is referring to the time frame before the report was issued, then legal fees certainly would have been a part of it. I'm sure those legal people would have been assisting the investigators.

MR. NOTLEY: My question, though, Mr. Speaker, is with respect to the team. To be more specific, does the team include representatives from Arthur Anderson & Co., chartered accountants, and Fenerty Robertson and company, barristers and solicitors?

MRS. OSTERMAN: Not to my knowledge, Mr. Speaker.

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

MR. NOTLEY: Mr. Speaker, a supplementary question to the minister, then, so we have a handle on the costs. We have a figure of just under \$3 million at the end of the 1983 fiscal year, and an estimated cost of \$3.5 million. But if I understand the minister correctly, apparently we have people from the private legal sector reviewing this report.

What will be the final cost of this entire investigation? And, if this is the last question, could the minister give us some indication as to whether or not the precedent set in the Abacus Cities investigation will be the basis for funding the Dial investigation by the Securities Commission; that is, a special warrant, as opposed to normal legislative or departmental funding.

MRS. OSTERMAN: Mr. Speaker, with respect to how investigations are normally funded, provision is made in the budget of the Department of Consumer and Corporate Affairs. Nor-

mally those provisions are adequate. But in the case of the Abacus investigation, obviously it went far beyond what was anticipated in terms of length of time, and therefore the rather large costs involved.

Dial Mortgage Investigation

MR. NOTLEY: Mr. Speaker, I was going to change topics completely. But in view of the fact that there is another particular angle of this important public issue, I'd like to direct my second question on the Abacus Cities matter and ask either hon. minister whether or not they are in a position to advise the House whether any certificate has been issued, under section 167 of the Securities Act, with respect to Dial Mortgage?

MRS. OSTERMAN: Mr. Speaker, I am not aware of any certificate, but I'll certainly undertake to check that.

MR. NOTLEY: Mr. Speaker, a supplementary question with respect to sections 162 and 167 of the Securities Act. For hon. members' background information, 167 relates to time limits for prosecutions. Could the minister advise whether the government has obtained any legal advice as to whether the time frame of the Abacus Cities inquiry may prejudice our ability to lay charges?

MRS. OSTERMAN: Mr. Speaker, I'm sure the Securities Commission would have been monitoring that in an ongoing way. There may be legal advice. But not having seen that advice, my understanding is that they believe they are fairly secure, subject to any court interpretation, that indeed we're within the proper time limit.

MR. NOTLEY: Mr. Speaker, a supplementary question. Given the five-year period of the Alberta Securities Commission investigation into Abacus Cities, has the minister had any discussion with her officials, or has she given any instruction to the Securities Commission, with respect to what would be a reasonable time frame in order to complete the Dial investigation?

MRS. OSTERMAN: Mr. Speaker, I haven't given any specific instructions with respect to that investigation. Not being a legal expert, it certainly wouldn't be my intention to prejudge the type of time frame the commission believes might be necessary to conduct a thorough investigation.

MR. NOTLEY: Mr. Speaker, a supplementary question. Would the minister be in a position at the moment, as was her predecessor in 1981, to make a prediction? Or is it the initial assessment of the minister that the Dial case is equally complicated and may in fact force us through another long investigation — and, I might add, an expensive one.

MRS. OSTERMAN: Mr. Speaker, I think it's important to note that, as I understand it, the Dial investigation is able to be conducted in-house by staff present. So it would be my view that the investigation is not deemed to be as complicated, if you will, as the Abacus investigation was.

MR. NOTLEY: A supplementary question. The minister indicated that to date, the investigation has been in-house by Securities Commission personnel. However, has any indication been given to the minister that outside assistance may be required, as per the statement by the minister's predecessor: to avoid a conflict of interest, we went outside. That was what the former minister said in 1981. Is there any intention of considering that

same policy this time, to avoid the appearance of any conflict of interest? If so, has there been any preliminary budget?

MRS. OSTERMAN: Mr. Speaker, the answer to both questions is no.

Economic Strategy

MR. R. SPEAKER: Mr. Speaker, my question to the Premier is with regard to the \$10 million Macdonald commission. One of the premises of that report is that if we wish to achieve some economically competitive goals in Canada, there's a conflict in terms of regional growth and, at the same time, maximization of national income. One of the concerns in terms of regional growth is the interprovincial competition which occurs. I am wondering if the Premier could comment on the stand of the provincial government with regard to those matters at this time.

MR. LOUGHEED: Mr. Speaker, it's difficult to do that in other than a preliminary way, because I haven't yet had an opportunity to thoroughly digest the report, other than merely a cursory glance at it. The Minister of Federal and Intergovernmental Affairs and I had an opportunity to meet with Mr. Macdonald just nine days ago, in advance of the report. By way of an observation on the report, I might say our major concern was that a report dealing with the economic challenges facing the country did not focus on the magnitude of the federal deficit, as mentioned specifically in our Budget Address.

On the point the hon. member raised with regard to interprovincial competition, I think there are two elements involved. One element, of course, is the question of whether there are provincial barriers that preclude the effective flow of goods and people throughout the country. I believe we've discussed that at times. We'll continue to discuss whether or not Alberta should alter its position which, at the moment, is to not have any provincial preference.

The other situation is obviously natural within the federation as we see it. There are going to be certain economic developments where there is competition. But on a general basis, provided federal policies are equal and fair across the country, I conclude on behalf of the government that that nature of competition by different regions of the country within the federal system is in the best interests of the country.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the Premier. Will the economic strategy paper to be presented in mid-June address this specific question?

MR. LOUGHEED: Mr. Speaker, that's difficult to forecast, but it's an important point. It certainly should be taken into consideration in drafting the economic strategy paper, and I take notice of the hon. member's thought there. If the economic strategy document does not ultimately deal with it specifically, the concept would be that hopefully we would have a high degree of public discussion on the strategy paper and would welcome the views of the hon. member or others as to any modification of the economic strategy in relation to that important point.

MR. R. SPEAKER: Mr. Speaker, a supplementary. In terms of a more specific issue, the paper makes reference to the competition between British Columbia and Alberta, and I raise one quote:

"As long as Alberta and British Columbia are competing with each other about who is going to sell coal to Japan, the only winners are going to be the Japanese."

Most likely there is some truth to that.

In terms of dealing with a question like that, I am wondering if the Premier has in mind some strategy which would possibly enhance the results for both provinces and I'm sure, in turn, Canada.

MR. LOUGHEED: Mr. Speaker, that's a very important question. First of all, in the development of coal facilities — and the Minister of Energy and Natural Resources may wish to supplement my answer — one has to take into consideration that there is, of course, a diversity in terms of the quality of the coal and the nature of the economics of various coal mining operations. From a standpoint of pricing, from time to time we've had consultation, through the Minister of Economic Development and the minister of energy and others, with the British Columbia government on the issue of price. We had a recent situation in which pressure was presented to our industry on the issue of price.

The Minister of Energy and Natural Resources may wish to supplement that answer.

MR. ZAOZIRNY: Mr. Speaker, I don't know that I can add a great deal to the response that's already been given by the Premier, except to underline the fact that it is not the provinces individually which are out there selling coal; it's the individual coal operations. In our judgment, that's as it ought to be.

I simply offer the additional comment that during my term as minister, it's been my observation that the various parties involved in these negotiations are very much aware of the position taken by others who are Canadians and who are out there in the international market selling coal. They're working together, and I think there is a great strength in competition, rather than any weakness.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. In terms of the report, a recommendation is made that an economic union requires a conflict resolution mechanism, and it outlines four different mechanisms. The one I'd be very interested in, in terms of comment, is with regard to the entrenchment of mobility rights. In the recommendation there is a further broadening of entrenchment to include goods, services, and capital. I am wondering if the Premier could indicate the government's position on that matter at this time.

MR. LOUGHEED: Again not having the document in front of me, Mr. Speaker, I'm presuming, from the way the question is put, that we're into the issue of the various provincial preferences across Canada with regard to contracts for service or for materials or supply. To this point in time, we in this province have taken the position that we have not given or provided any provincial preferences. We're constantly reassessing that. I'm sure the hon. member is aware that we're pretty steadily under pressure, from certain segments in the business community, to adjust that. On the other hand, we're equally under pressure, from those firms located in the province of Alberta and doing work in other provinces, not to adjust it, to stay with our policy. But there's no question that we are troubled by decisions in other provinces to create these provincial preferences.

The Minister of Economic Development may wish to supplement the answer.

MR. PLANCHE: Thanks, Mr. Premier. On that issue, Mr. Speaker, if we are ever going to develop industries that can compete internationally, they simply have to have economies of scale. To balkanize the nation is going to preclude that opportunity. In addition to that, as the Premier rightly said, a

lot of our industry depends on activities in other provinces, and to react could work a hardship on those. So it's a matter of constant concern that other provinces take this view.

Finally, there's the issue of provincial sales taxes, how that affects other industries, and the way they subsidize their own industries. If we're going to have a nation that works together, those things have all got to be understood and worked together with.

Secondary Education Survey

MR. MUSGROVE: Mr. Speaker, my question is to the hon. Minister of Education. Could the minister advise the Assembly how many questionnaires about the secondary program review he has received to date?

MR. KING: Mr. Speaker, the Department of Education has received approximately 10,000 surveys. I said "approximately" because they're also being returned to school boards and regional offices of education, so it's impossible to be more precise than that.

This is a unique opportunity provided to the people of the province to say to the department, the minister, and the government what they consider important about junior high and high school education in the province. We certainly hope that in the month or six weeks ahead, many more than the 10,000 who have currently replied will give us their thoughts about postsecondary education.

MR. MUSGROVE: A supplementary question. Could the minister advise whether the number of questionnaires returned to date will be useful in doing the review?

MR. KING: Mr. Speaker, our advice is that from the point of view of experience in the commercial world or from the point of view of research in the academic community, we have already received more responses than we might have expected to receive, given the fact that approximately 850,000 of the brochures were sent, to every home in the province. But as I said in answer to the first question, we continue to hope we will get an even better response.

If they fail to return the survey, it will be very difficult for anyone to argue that they have missed the opportunity to comment on secondary education. If anybody watches a football or hockey game for two hours, it will be very difficult for them to argue that they haven't had enough time to complete the survey. It is important to us — and, I would say, to the people of the province — that everyone with an interest in the survey should fill it out and return it.

MR. HYLAND: A supplementary question to the minister, Mr. Speaker. Has any part of the province shown more interest in filling out the forms, or is it average throughout the province?

MR. KING: Mr. Speaker, because of the very deep and abiding interest teachers have in this review, each of them had the opportunity to receive a copy of the survey in the school, in addition to the one they would have received at their home. There is no evidence that one geographic area is returning more surveys than any other geographic area. It may be that teachers are more interested in returning the survey than others.

Human Tissue Procurement

MR. LEE: Mr. Speaker, my question is to the Minister of Hospitals and Medical Care, and it indirectly relates to the recent case of a man offering \$5,000 for a kidney so that he might receive a transplant. Could the minister advise the House on the progress of the Alberta Human Tissue Procurement Task Force, set up last summer to deal with this problem, and whether they will be filing an interim report?

MR. RUSSELL: Yes, I expect they will, Mr. Speaker. Hon. members will probably recall the debate in the House in the fall of 1982, dealing with the establishment of a task force on human organ procurement. That task force was subsequently established, and Andy Little, the former MLA for Calgary McCall, who was very interested in the matter, was appointed chairman.

They've done a good piece of work so far and are dealing with some very difficult issues. Their deadline for final reporting is the summer of 1985 and, in the meantime, I do hear from them from time to time.

MR. LEE: A supplementary, Mr. Speaker. Could the minister advise the House as to the extent of the shortage of organs for transplant in Alberta and what short-term measures might be taken to alleviate that shortage?

MR. RUSSELL: Mr. Speaker, I'm not able to define what the shortage might be. We do know that one of the problems, with respect to our work on this matter before, is dealing with public attitudes and public information. If this room is typical of Albertans, I suppose most of us would gladly donate something if it would help a fellowman, either while we're still alive or after we've gone someplace else. Human nature being what it is, I also suspect that most people in the room haven't completed the form on the back of the operator's licence. There are a number of dedicated people and groups trying to increase public awareness and get a more pragmatic view toward the idea of donating organs, transplanting them, and using them for education and research.

MR. LEE: A supplementary, Mr. Speaker. Could the minister indicate whether it is his intention to establish a publicity campaign to encourage Albertans to donate their organs, or possibly set up some form of donor bank?

MR. RUSSELL: Mr. Speaker, the establishment of an organ and tissue bank is one of the issues the task force is looking at. As a matter of fact, the Red Cross blood donor building, recently completed near the campus in Edmonton, is designed for future expansion to take such facilities, if it's deemed that to be a good idea and if there is public support for it. As I mentioned earlier, different associations like the kidney association of Canada are doing what they can to promote the storage and transplant of human organs and tissues.

MR. LEE: Mr. Speaker, a supplementary. Could the hon. Solicitor General advise the House whether there is a policy in place which requires police arriving at the scene of an accident involving a fatality to check that person's licence, to determine whether a donor card has been signed?

DR. REID: No, Mr. Speaker, there isn't a policy as such. In the event of a fatality, police attending the scene of an accident are usually looking at documents for the purpose of identification. The difficulty is that the victims of an accident who are dead at the scene are not always suitable donors for the most required organs: cornea and kidneys. Most donated organs are obtained from injury victims who arrive at the hospital still alive.

MR. LEE: A supplementary, Mr. Speaker. Would the minister be willing to review this policy, in light of the possibility that many potential organ donors are being lost due to their donor cards not being checked, further exacerbating the shortage of supply?

DR. REID: Mr. Speaker, this is a rather complex question. First of all, I would like to make it perfectly clear that I personally am very supportive of the concept of a conscious donation of organs by the donor in advance of the event or by the family subsequent to the event. It can be a rather difficult discussion by the physician with the family at an impending death or a death that has just occurred in the hospital. I encourage physicians to get involved in it, because it can also be very rewarding, both for the physician and for the family, who feel that at least there has been some purpose to the event.

The difficulty with trying to evolve systems to cover the lack of organs is that one tends to look at what is regarded as an unlikely event. Whether signing a driver's licence either allowing or prohibiting, on the donor's part, the taking of organs for transplant — that conscious action does not necessarily relate to the availability of the organ, because there are only suitable donors on some occasions.

I'm not clarifying the issue very much for the hon. member. But to a very large extent, obtaining the organs that are most suitable is in actual fact an individual decision by the family, subsequent to or at about the time of the death.

DR. BUCK: I'd like to ask a short supplementary of the Solicitor General. The question was partially asked by the Minister of Hospitals and Medical Care. Can the Solicitor General indicate if the figure as to how many people have signed donor cards in the province is available? What percentage of the people who have driver's licences have signed donor cards?

DR. REID: Mr. Speaker, we don't know the answer to that, since the donor cards are attached to the driver's permit and no document is returned to the department.

As I was trying to explain before, the difficulty is that although people may well sign the donor card — and we'll emphasize the positive side — the donor card may not be available to the police or the hospital at the time the possibility of donation arises. They may well not be the driver; they may be the passenger in the automobile, in which case the donor card may not come to the attention of the physician.

The other thing that is involved, of course, is that the actual ownership of a deceased person does not rest with the deceased person; it rests with the family. That's the fact I was trying to make clear. The family is often more involved in the donation than the donor, being the deceased person.

MR. SPEAKER: The hon. Member for Edmonton Norwood, and then the hon. Minister of Agricultural wishes to deal with a question accepted as notice.

Health Care Cost Sharing

MR. MARTIN: Mr. Speaker, I'd like to direct my question to the Minister of Hospitals and Medical Care. Now that his buddies in the Senate have let him down and the Canada Health Act was given Royal Assent yesterday, can the minister confirm that the next step for this government will be to fight the legislation in the courts?

MR. RUSSELL: Mr. Speaker, I hope by "buddies in the Senate" he's not referring to all those Liberals, because they sure weren't any help.

I'm unable to say what legal action may be taken in the next few months by any of the provinces, Mr. Speaker. In the meantime, I believe Alberta's course of action has been outlined pretty clearly.

MR. MARTIN: A supplementary question, Mr. Speaker. Has the minister established any budget to cover the legal expenses needed to pursue this matter? In other words, does the minister have any estimate of how much it might cost Alberta taxpayers to follow this through in the courts?

MR. RUSSELL: No, Mr. Speaker, that's something I haven't addressed yet.

MR. MARTIN: A supplementary question to the minister, Mr. Speaker. The penalty clauses in the Canada Health Act come into force July 1, 1984. Is it still the policy of this government that the principle of extra billing is worth millions of dollars of public funds?

MR. RUSSELL: Mr. Speaker, the ability of doctors to set their own fees is a price we as citizens are paying to maintain high-quality health care. If the federal government chooses to penalize us for doing that, then that's probably something we're going to have to get along with for a short time.

MR. MARTIN: A supplementary question to the minister, Mr. Speaker. The government has indicated that physicians would leave the province for the U.S.A. if they weren't allowed to extra bill. Is the minister aware that there is now an oversupply of physicians in most parts of the United States? My question is, where would they go?

MR. SPEAKER: This is just argument. The hon. member is simply asking a rhetorical question. But under the circumstances, the minister may wish to deal with it briefly.

MR. RUSSELL: Mr. Speaker, I don't believe the government has said that doctors would leave if they're not permitted to continue extra billing. I know several doctors have said that.

I do know that doctors have come to Alberta because it is a good and encouraging place to practise, and there is a good medical environment here. I believe the comments the hon. member made about the situation in the United States are quite accurate and quite true, in that it does vary in geographic regions and among the different specialty groups. So I'm told there are not unlimited opportunities for all doctors in all parts of the United States.

MR. SPEAKER: Might this be the final supplementary.

MR. MARTIN: I was referring to *Hansard* of April 3, when the Premier made that statement about the government.

My final supplementary question to the minister is: does the Alberta government have any verbal agreement with Mr. Mulroney that if the Conservatives form the next federal government, they will bring in amendments to the Canada Health Act to allow the Alberta government to continue with user fees and extra billing?

MR. RUSSELL: No, Mr. Speaker. I believe the hon. member is referring to comments spokesmen in the federal Conservative caucus have made, in that when they form the government, they will be more understanding and co-operative with the provinces and probably find more federal funds for the health care programs. I believe many of the provinces are relying on those statements.

MR. NELSON: A supplementary, Mr. Speaker, if I might. With the many discussions that accessibility to health care may be damaged, could the minister outline the government's pro-

cedure and policy relative to future accessibility to the medical care system in Alberta by seniors and disadvantaged groups?

MR. RUSSELL: Mr. Speaker, if there are any groups that should be assured that they will have unlimited access, in every sense of the word, to the health care system, it's the senior citizens and those who receive premium subsidies. Extra precautions, extra steps, and special financial programs of assistance are directed toward all those groups, to see that they do indeed get the very best health care services.

Seed Cleaning Plant — Minburn County

MR. FJORDBOTTEN: Mr. Speaker, the hon. Leader of the Opposition asked some questions yesterday with respect to the Vegreville seed cleaning plant, which I'd like to respond to. He asked about the policy of this government and, more specifically I believe, our seed cleaning plant replacement program as it relates to the county of Minburn. His question related to funding in this program for plants for which no feasibility study has been done.

Mr. Speaker, I'll respond by confirming our policy under this program, which is and will remain that it is up to the county or municipal district to initiate or request a study if they feel one is necessary. They can either make that decision on their own or in conjunction with the respective association. If the request is made, then Alberta Agriculture is prepared to assist in a study by providing resources and technical assistance if required.

Considering that the local municipal body contributes 20 percent and the association 40 percent toward the plant — as the hon. Leader of the Opposition alluded to yesterday — and that those two bodies are really in the best position to determine the feasibility of a plant, we feel this is the type of decision that should be made by local jurisdictions, not by our dictating how or when or where a plant is required or feasible. However, I'd like to point out that for new plants — not replacement plants but new plants — we do require a feasibility study, since it may impact on other plants that are in the area. It would have to be determined if the need is there, based on the seed cleaning requirements in the area.

Mr. Speaker, the second question he asked was with respect to tendering and, more specifically, our policy on tendering. The answer to that is that under the seed cleaning plant replacement program, there is a requirement of a minimum of two bids. They must be received before the government will honour its commitment to 40 percent of its funding for the county or municipal district. Whether these bids are solicited or tendered is up to the association. It is up to them to make the decision whether the tendered bids are received from firms in Alberta or outside Alberta. They are looking at the best possible price of that construction for their investment.

MR. SPEAKER: The hon. Member for Clover Bar, followed by the hon. Member for Red Deer.

Senior Citizens' Lodges

DR. BUCK: Mr. Speaker, my question to the hon. Minister of Housing has to do with the 10 percent increase in rent in senior citizens' lodges as of April 1. Can the minister indicate what studies were done or what information was available for the minister to make this increase in rent for senior citizens?

MR. SHABEN: Mr. Speaker, a decision was made about four years ago, after a thorough and lengthy consultation with the

senior citizens' association of Alberta. It resulted from representations from the lodge foundations that managed the lodges throughout the province. The lodge foundations were experiencing some difficulty in terms of revenue flow and their deficits. As a result a decision was made, in co-operation with the senior citizens' association, to gradually increase the rent that seniors pay — and that rent includes both food and lodging and basic services in the lodges — to 60 percent of minimum income. So the decision was made some four years ago, and the process is being achieved to 60 percent of minimum income over a five-year period. On April 1, the amount a senior living in a lodge paid was 58 percent of minimum income. At the end of five years, it will reach 60 percent. So it is part of a process that began some four years ago.

DR. BUCK: Mr. Speaker, the minister touched briefly on it. What additional services will be provided to senior citizens in light of this 10 percent increase? What increased services are there?

MR. SHABEN: Mr. Speaker, the capital for the lodges is provided by the province of Alberta, through the heritage fund. It is provided as a result of a request by the municipalities, through the foundations. The foundations are established by the member municipalities that request the lodges. Subsequent to completion of the lodges, the management of those lodges is completely under the control of the foundations. We provide funding assistance to the foundations to help offset their deficits, through the Alberta Housing Corporation from the General Revenue Fund.

In terms of programs that are offered to seniors, that's a decision made by the foundations that operate the lodges. Expansion of an existing program that's very important to seniors who are living in lodges was announced in the budget speech: that is, the expansion of the home care program.

DR. BUCK: Mr. Speaker, will part of this 10 percent increase to senior citizens upgrade and raise the qualifications of staff that are working in these institutions? Is that one of the reasons the 10 percent increase was invoked?

MR. SHABEN: Mr. Speaker, I guess the hon. member is having some difficulty hearing what I have said. The lodges are operated by the foundations, which in turn are made up of the member municipalities. The province's support is extensive in terms of supplying all the capital, as well as support for upgrading, as well as assisting in the deficits. The decision of the staffing levels is that of the foundations, which are made up of the member municipalities.

DR. BUCK: Mr. Speaker, my final supplementary. Maybe the member thinks I am having trouble understanding, but the senior citizens are having the trouble understanding. It has been stated by one of the minister's bureaucrats that rent increases are designed to balance the housing program's needs as well as those of residents. My question is: can the minister indicate what in the world "balance the housing program's needs" means, in bureaucratese?

MR. SHABEN: Mr. Speaker, I'd like to have a copy of the document the member referred to.

I'd like to clear up a couple of comments. First of all, the increase the member has referred to is not a 10 percent increase: it's less than that. It is an increase that was agreed to as a result of consultation with the Senior Citizens' Homes Association, which is made up of senior citizens. The seniors supported this

increase in order that the foundations are better able to meet their needs. There is a maximum level at which that rent will be; that is, 60 percent of minimum income.

MRS. CRIPPS: A supplementary, Mr. Speaker. Is the 60 percent income target in keeping with the traditional percentage of the senior citizens' cost of living in lodges?

MR. SHABEN: Mr. Speaker, the decision that was made four years ago, in consultation with the seniors' homes association, was based on the level of income, the cost of food and lodging, and the comparable costs of accommodation without the food portion. It was agreed that a 60 percent level of minimum income provided a very reasonable rate for seniors for the services provided in lodges, as well as providing sufficient income for the seniors to undertake the other activities they normally enjoy participating in.

MR. SPEAKER: We have somewhat exceeded the allotted time, but I have already mentioned the hon. Member for Red Deer. He has been waiting patiently; I think I missed his signal a while ago. If the Assembly agrees, perhaps we might deal with his topic and then conclude the question period.

HON. MEMBERS: Agreed.

Interest Shielding Program

MR. McPHERSON: Mr. Speaker, in the absence of the Minister of Tourism and Small Business, I would like to direct a question to the acting minister, the Minister of Economic Development. It's with respect to the important program within the second phase of the economic resurgence program; that is, the small business and farm operator interest shielding program. Can the minister indicate how many applications have been received to date, and the value in terms of payments that have been paid out?

MR. SPEAKER: I have a little difficulty with that. It is a question that is so very eminently suited for the Order Paper. But if the minister happens to have some information on it, perhaps he can supply it.

MR. PLANCHE: Mr. Speaker, I think my colleague indicated in the Legislature some days ago that over 49,000 applications had been received and that the subsidy had approached \$67 million.

MR. McPHERSON: A supplementary, Mr. Speaker. Can the minister advise if the government intends to extend that program?

MR. PLANCHE: Mr. Speaker, I think that program was forecast to expire at the end of February this year. At that time the prime lending rate for small business and farms was below the 14.5 percent ceiling. I think my colleague had no intention of extending the program.

MR. McPHERSON: One final supplementary, Mr. Speaker. If the program isn't going to be extended, is the minister aware of how many eligible original applications have been received past the March 1 deadline? In keeping with the spirit of the program, and in light of a number of representations I have received, will the government extend the deadline for original applications past March 1?

MR. PLANCHE: Mr. Speaker, unfortunately my colleague is ill today. He asked me, if the question came up, to announce that we will in fact be extending the deadline for applications to May 31 of this year. But that will only be applications for the period that ended February 29, 1984. In other words, there will be an extension of the eligibility of applications for that term. It will not be an extension of the term; simply an extension of the time to receive applications.

ORDERS OF THE DAY

head: COMMITTEE OF SUPPLY

[Mr. Appleby in the Chair]

MR. CHAIRMAN: Would the Committee of Supply please come to order.

Department of Energy and Natural Resources

MR. CHAIRMAN: Does the hon. minister wish to make some remarks?

MR. ZAOZIRNY: Thank you very much, Mr. Chairman. I would like to make just a few opening remarks about the areas of the Department of Energy and Natural Resources which are under my purview. I believe my colleague the Associate Minister of Public Lands and Wildlife also has some opening remarks, once I have concluded my own.

Mr. Chairman, since I presented my estimates to the Assembly last May, there have been a number of key developments affecting the energy industry in Alberta and, as always in this vital area, there are important challenges ahead.

The past year has been an eventful one for Alberta's energy industry. Oil production and development showed marked improvement, with oil well completions in 1983 up some 43 percent from 1982. Significantly more of our oil now receives market price as a result of our June 1983 amending agreement with the federal government. The marketing difficulties experienced last year as a result of shut-in oil production have been alleviated. You may recall that the National Energy Board, at our urging and that of industry, relaxed its export conditions for crude oil sales abroad.

With prices and markets in our favour and Alberta's good geological prospects, there is every reason to believe that oil exploration and development will continue to be attractive to our energy industry. Our recent levels of activity to date bear this out, so do the stated intentions of our energy industry, and so does that very important barometer of drilling activity, land sales and bonuses. They are up some 29 percent in 1983 from 1982, and up again some 74 percent in the first quarter of 1984 as compared to 1983.

Our recent initiatives related to the exploratory drilling and geophysical incentive systems will assist exploration and development in the province. The provision of a one-year royalty holiday for additional categories of exploratory oil wells, which is a new feature of these programs, moves us further, in policy terms, along the road of rewarding success.

Marketing of our natural gas continues to present a major challenge. Not surprisingly, natural gas exploration and development have been affected by market circumstances. Last July we were actively involved with industry, in the initiation of the volume-related incentive plan for export gas sales. That

plan, which helped us remain competitive in the U.S. market, extends to October 31 this year. We are now engaged in extensive efforts and work with Alberta's industry, our sister natural gas producing province of British Columbia, and the federal government, to develop an export pricing and marketing strategy for Canadian natural gas which will be more flexible and more market oriented.

Developments in oil sands have been encouraging. For the first time since the Syncrude development in 1974, projects have proceeded to the commercial stage, in fact three in less than 12 months — the Wolf Lake project, the Cold Lake project and, most recently, the Elk Point project. Syncrude itself has decided to undertake a major \$1.2 billion expansion program, largely as a result of a specific Alberta government initiative. These developments surely bode well for the future of Alberta's heavy oil and oil sands. I know I don't need to underline to hon. members the importance of these resources to this province's economic development and, in fact, to energy security for Canada. That is why we will continue to place a major emphasis on their development in the months and years ahead.

I would like to take this opportunity, Mr. Chairman, to underline the very significant contribution that Dr. Clem Bowman, chairman of the Alberta Oil Sands Technology and Research Authority, has made to oil sands development in Alberta. As you know, Dr. Bowman will be returning to the private sector in July this year. Under his leadership the authority has received well-deserved worldwide recognition, and it has played a major and positive role in oil sands and heavy oil research and development in Alberta. Dr. Bowman will surely be missed.

Our markets for coal have also been affected by the recent downturn in the worldwide energy demand, primarily due to a drop in demand by the steel industry throughout the world. There is now some indication that steel production in Japan and Europe is beginning to recover. We continue to support the international marketing efforts of Alberta's coal companies, who should be applauded for their determined efforts to maintain aggregate revenues in a tough market situation. We are also intensively exploring the possibility of increased sales of both thermal and metallurgical coal to Canadian domestic markets, particularly Ontario. Our coal task force, including officials of the Alberta government, the coal industry, Ontario Hydro, and the Ontario government, will evaluate both the market potential and the significant issues which must be addressed and resolved to increase our current level of sales.

Alberta's forest industry has seen some recovery in the last year, Mr. Chairman. It is important to note forestry's contribution to our province's economy: some 7,000 permanent jobs and some \$700 million worth of lumber, pulp, and board products annually. It is interesting to note that Alberta's lumber production has been growing steadily in the last several years. Last year Alberta set a lumber production record — over 1 billion board feet. Our plywood and board production is up strongly this year, due largely to the new Pelican Mills plant at Edson. All of our mills are expected to run reasonably close to capacity this year. Our two pulp mills, the St. Regis operation at Hinton and the Procter & Gamble operation at Grande Prairie, are also currently at full production.

Finally, Mr. Chairman, I would be remiss in not taking this opportunity to thank the staff of the Department of Energy and Natural Resources on both the energy resources and the renewable resources sides, the Alberta Petroleum Marketing Commission, the Alberta Oil Sands Technology and Research Authority, and the Energy Resources Conservation Board for the excellent contribution they are making to the development and management of our province's important energy and renewable resources.

I welcome any comments hon. members may raise about the Department of Energy and Natural Resources, and I look forward to responding to any questions which may arise.

MR. SPARROW: Mr. Chairman, I would like to make some brief comments about the significance of our department's estimates, and also the challenges facing Public Lands and Wildlife. First of all, I would like to congratulate my departmental staff for the excellent job they have done in submitting their recommendations and assisting with the preparation of these estimates.

Some might recall that last year the Public Lands and Wildlife budget was 15 percent over 1982-83 figures. This year our department's budget has basically decreased 1 percent from 1983-84, including absorption of inflation and wage increases and a reduction of 21 positions. I would like to point out that within these estimates we have used some flexibility to deliver more very sound economic programs. This was accomplished with reallocation of some of the current resources and funds within the department.

I would like to point out that the direction taken represents the philosophy of increased positive and friendly public service and the wise and efficient use of public funds and resources. Mr. Chairman, we are here to serve the people of the province, not to regulate and control them. We believe that the challenge of increasing a more positive and effective public service to our citizens was accomplished by department staff, and it is continually being improved. They are to be praised for their hard work and dedication in realizing these goals.

I would now like to discuss the various votes we will be dealing with, by commenting briefly on each vote. Vote 2, resource evaluation and planning. The completion of the government's forestry inventory project has allowed an increase in the 1:20 000 base mapping project and an increase in special inventories and economic assessments required for the resource management plans. Much of the work within this vote has an opportunity for private-sector involvement, and I look forward to its positive results.

We currently have under way integrated resource plans for public lands covering a very large area of this province, with more than 10 of these plans to be completed by this time next year. The theme of these plans is the protection of sensitive wilderness and environmental zones, with the identification of agricultural resources and commercial, industrial, and tourist activities, which are absolutely essential to continue the economic viability of Alberta. Public input to the development of these plans will be continued, and increased emphasis will be undertaken on making the public aware of the important contribution they can make to the planning process.

In Vote 5 of public lands, Mr. Chairman, new financial activities are planned. The initiation of new range improvement agreements will be emphasized, specifically looking at the brush encroachment in all areas of the province. The range improvement program continues to provide moneys to allow for the development of land, water, and cross fencing for grazing dispositions. Prior to any development taking place, a range improvement agreement is prepared by the disposition holder and the department. I'd like to note that some 230 new projects were funded in 1983 and '84.

The grazing reserve program is being made more efficient through the effective utilization of pastures, more reasonable charges to the patrons, and reduced operating costs for government. The objective of this program is to operate on a break-even basis. The government is also reviewing the option of converting some of these reserves to grazing associations;

however, only with the consent of the patrons and with certain conditions attached.

Mr. Chairman, all public land policies are presently under review. As well, the economic studies on the integrated resource plans will determine the cost/benefit of making new lands available for sale. Once all this information is available, we will determine a suitable level of agricultural land sales, which will fully consider the benefits, the costs, and other land use considerations. In the meantime, this budget contains sufficient funding to maintain the current level of land postings.

Mr. Chairman, in Vote 6, fish and wildlife, we are looking at significant reallocations that have taken place as a consequence of the new fish and wildlife policy that was approved. More emphasis is being placed on field delivery of services. In the fish and wildlife division, it is our intention to proceed with new legislation and regulations which will allow a more contemporary and effective fish and wildlife management in the province. It is our intention to deliver to the public a more streamlined system, which will be permissive in nature and will have greater emphasis on public service.

Mr. Chairman, Alberta has the best-managed fisheries in North America, both in terms of habitat and stocking programs. With the commencement of construction of the new fish hatchery at Cold Lake, at an estimated cost of \$11 million, and the recent opening of Allison Creek brood station, this province will enjoy the best fish hatchery and rearing system that I could find anywhere. With expanded capabilities of the hatchery system, stocking will increase from 1983 levels. In 1983 4.2 million trout were stocked into some 230 lakes and streams. In 1984 more species of fish will be stocked, in a larger number of bodies of water.

Additional public access sites to fisheries will be developed, including several new sites on the Bow River, downstream from Calgary. The total number of Bow River sites now complete or under development is five.

Mr. Chairman, a freight subsidy program is being introduced for Alberta commercial fishing, to help support this traditional industry through these difficult economic times. At the same time, revisions to the licensing and marketing systems are being prepared. Fisheries habitat improvement projects will be maintained and enhanced in 1984. The division is continuing an aggressive program of detection and monitoring of mercury in fish in most Alberta waters.

I am pleased to announce that a new five-year agreement has been signed with the federal government, which will cost-share compensation payments to grain farmers for waterfowl depredation. Losses caused by ducks and geese eating and trampling swathed cereal grains will now be compensated for costs of production, up to \$65 per acre from the previous level of \$50. This long-term agreement will allow for much faster payment of claims. Prompt payment has not been possible since the original five-year agreement expired in '77, and the need to negotiate a new agreement with the federal government each year slowed the process. The province's contribution to the Wildlife Damage Fund is supported by a \$6 surcharge on every hunting licence.

Another new five-year agreement, to prevent and control waterfowl depredation by providing undisturbed feeding areas, bait stations, and lure crops, has also been signed. It will provide for the operation of lure sites in high-damage areas throughout the province. This should be good news for grain producers, Mr. Chairman.

To ensure that our fish and wildlife resources are protected, my department has also taken a very aggressive stance. For this reason the field services and operation element is being increased by 2.5 percent, and these funds will be deployed at

the district level of our organization. To accommodate this strategy, budget reductions have been made in the wildlife and fisheries headquarters budgets.

It is also timely to announce that the fish and wildlife division is presently developing an auxiliary field assistance program, to be tested in Alberta in 1984. Volunteers will be given training in various activities, and then assigned to work with and under the direction of staff members. We anticipate that the program will be diverse enough to include volunteers to work in all activities of our branch offices. It should be noted that similar programs have been undertaken in the Yukon and other jurisdictions, with good results obtained from volunteer participation. Further information on this program will be available.

Mr. Chairman, this continued high priority of fisheries and wildlife management will continue. But in view of some of the recent comments, it is important for all the members to recognize the government's commitment to protecting, enhancing, and expanding our fish and wildlife resources.

Mr. Chairman, there is no significant change in Vote 8, foreign ownership of land administration. However, I would like to outline for members that it is our intention to continually review the policy, legislation, and regulations in this area.

In Vote 9, bureau of surveying and mapping, contract funds have been increased to provide the bureau's portion of the previously outlined 1:20 000 base mapping project. This project has been jointly undertaken by the bureau and the resource evaluation and planning department. No other significant increases are planned in that area.

In summary, Mr. Chairman, I would like to emphasize that these estimates reflect a more efficient use of our staff and financial resources. As a result of the increased efficiency and the reallocation of our resources, it has been possible to provide some new initiatives and maintain a high level of service to the public. Our staff and management definitely have to be congratulated for taking that initiative, with the budget restraints they had to operate under. I would now be pleased to take questions and address them after all members have had an opportunity to ask them.

MR. NOTLEY: As we proceed with this department over the next several days, Mr. Chairman, we may get into the position where we have the kind of exchange of questions that occurred the other night. But I want to begin by making a few general comments; I think that would be appropriate.

During the question period, when we had some of the initial discussion on Luscar Sterco — a subject I'm going to come to in a little more detail in a moment — the Minister of Energy and Natural Resources, if I recall his comments, indicated, to great desk-thumping applause on the part of the backbenchers, that as a result of this nice little arrangement the government had worked out with Luscar Sterco we'd, number one, cleaned up the river, number two, kept 120 people working, and number three, saved all the legal costs of this needless prosecution under the Fisheries Act. During the same set of debate — I won't say the same day, because I believe it was the day before — we had the hon. Attorney General give us his view of what a regulatory Act is as opposed to a Criminal Code question, making the suggestion that, somehow, moving under the Fisheries Act was not quite as important.

I guess the first point I'd like to make, and I direct it to the hon. associate minister — because there'll be a number of supplementary questions, but I'll give him lots of notice on this — is that given this government's view that the Fisheries Act is essentially educational and regulatory, I'd like him to tell us what prompted the government to spend a good deal of time on this five-month investigation into people in northeastern

Alberta, mainly native individuals, for alleged violations of section 19 of the Fisheries Act? As we consider the expenditure of public funds, Mr. Chairman, I'd like to know how much money this investigation cost. I think that's important. I'd like to know from the minister, because his associate, his colleague, indicated that we saved so much money by avoiding a costly legal battle in the case of Luscar Sterco, how much money in fact we are going to have to spend on the prosecution of these alleged violators of section 19 of the Fisheries Act. That's pretty important, because if one of the reasons we didn't move in the case of Luscar Sterco is that we saved all this money in prosecution, then I really wonder what the government is doing prosecuting mainly native fishermen in another part of the province. I'd like to know what the cost of that investigation is. I'm not privy to internal cost assessments, and one of the reasons we have the estimates procedure is so that we can call ministers to account, but I understand through the rumour mill that the investigation was quite extensive and that people posed as buyers when in fact they weren't. I'd like to know as much as possible about that particular investigation, Mr. Chairman.

I just serve warning to the minister. We may have all kinds of other people who are going to be asking questions, and the minister may hope to answer them all at once, as we sometimes do when we have a department where there is no major controversy. But I do want to make it very clear to the minister that when we get to that point, before this vote goes through the Legislature commending the estimates from the committee to the Legislature itself, I will be dealing with a number of specific questions. But I leave with the associate minister that first question. I'd like a report in this committee on precisely why they proceeded given the Attorney General's interpretation of the Fisheries Act, how much the investigation cost, how many people were involved, what the assessment is of the prosecution costs, and whether they have any estimate of the impact of successful prosecution on the people in question, including perhaps having to pick up welfare costs if these people are in jail and their families have to go on public assistance.

Mr. Chairman, I give the minister the kind of notice at the beginning of this discussion so that later this afternoon or when we get back from the adjournment or two or three weeks beyond that, whenever we finish the discussion of these estimates, he will be in a position to reply in a detailed way.

Mr. Chairman, the second thing I want to deal with is the entire question of Luscar Sterco. I want to make it absolutely clear that I reject totally the proposition put forward here in the House by the minister that somehow if one insists that regulatory laws be upheld, you are anti-worker and are somehow not in favour of a particular industry existing. I well remember the minister, Mr. Yurko — he was never a colleague of this minister, but he was certainly a very articulate spokesman for the Tory party in the House — who even took the position that the polluters should pay and argued very effectively on many occasions that we had to have very stern enforcement of environmental standards.

Mr. Chairman, as I look over the chronology of events in this Luscar Sterco case, no one could be accused of jumping to any conclusion. The first complaint was received by the department on August 1. I want to make one point before going any further on this matter. I think the officials of the department of energy, the workers in the department of energy, did an excellent job, an exemplary job. In any of the comments I intend to make, there is no criticism at all of what I think is the superb work of the people in the department. My quarrel is not with the people on the firing line in the department. If I have any quarrel, it is with the politicians in the Legislature. And that's as it should be. [interjections] The fact of the matter

is that — I see we're engendering a little bit of interest across the way. That's very nice; I always enjoy that. As I say, we'll have lots of opportunity for the next while to explore it in some detail.

In any event, let's look over the chronology. Perhaps the minister would like to refresh his memory. Whether he wants to or not, perhaps I'll just do it for him. On August 5, the land use officer wrote Luscar Sterco and warned that the discharge which had been complained about four days earlier was totally unacceptable. So you have a complaint at the local level, very clear communication with Luscar Sterco on August 5 that the discharge was unacceptable. Then on August 24 the company wrote back and said, okay, they're doing everything they can to minimize the problem. So the initial response to the complaint from the company was: we're going to do something about it. On August 26 the company was warned by the water quality control branch that discharge violations are a violation of the operating licence for Luscar Sterco — no question that at that point the department was on top of the question.

Now, we have a little time that goes by. The next matter takes place on October 27. Briggs promises Benson of Fish and Wildlife that the water quality control branch will initiate aggressive surveillance in an effort to obtain court-admissible evidence. On December 22, 1982, the company writes the water control branch and promises specific action as well as requesting modification of the Clean Water licence.

Mr. Chairman, I won't go over all these memos. The hon. minister across the way had an excellent letter sent to him, itemizing all the various steps. If I itemized every one of them, it would take a good deal of time. But I want to make the point that the complaints came in; now we are about six months down the road and still not much has been done in terms of the company cleaning up its act, but the department still seems to be hopeful that they can encourage the company to take the voluntary route. We've always had ministers in this House lecturing the opposition especially that they'd rather work with the pollutant, a sort of John Howard approach to large companies: we'll work with the offenders, try to get them to mend their ways. Presumably, during all this period of time, the government was undertaking this counselling role. Well, Mr. Chairman, not much was accomplished.

On March 16 the company was asked yet again to make specific changes. March 22: a meeting is held between the pollution control people and the company. March 25, 1983: directive issued which requires specific corrective measures by certain specific dates. April 22: report prepared on the three specific instances in April and advises that Luscar Sterco has not attended to corrective measures directed to them. That's a quote from one of the memos to Mr. McDougall. May 9: meeting held with senior Crown prosecutor Michael Watson and Crown prosecutor Larry Phillip. May 16: company writes a progress report and attempts to justify what they've done. July 22: initial directives sent regarding ministerial review of the prosecutions. July 28: Fish and Wildlife receives memo from Crown prosecutors recommending that charges be laid.

So here we have July 28, Mr. Chairman, just three days short of a year from the time the first complaint was lodged. Nobody could say that the government was rushing. We had the company being advised of the problem; they didn't clean up their act. We had the company being warned about the problem; they didn't clean up their act. We had the company being directed to make changes, and they didn't make those changes satisfactorily. Now, on July 28, 1983, fully a year after the first complaint, we have the recommendation that charges be laid.

We then have the new directive re ministerial vetting of charges that are likely to arouse media interest, likely to get

into the paper — better let the ministers have a look at it. On August 31, Mr. McDougall provides the summary to the minister, in which he reports on all the repair work to date and indicates that it could be destroyed by one good rainstorm, and then the memo which mentions the minister's idea of withholding royalty relief instead of laying charges.

Mr. Chairman, in this whole process there seems to be a number of issues that go far beyond Luscar Sterco. First of all, if this legislation is important — and I trust it must be, because this minister has spent all kinds of public money laying charges against a number of mainly native fishermen in northeastern Alberta; so I presume it's important legislation — then it must be important legislation with respect to Luscar Sterco. We have to dismiss the Attorney General's response in the House, because we have to presume at least some consistency on the part of the minister. If we do that, we have to basically dismiss the Attorney General's argument as being specious, partisan gesturing in the House.

If we're dealing with important legislation then, the Fisheries Act, we might well say, okay, how long are we going to take to move on it? If the government had jumped right in — they got the complaint on August 1 — sent in the officers, gotten evidence, and said, okay, we're going to lay charges right off the bat, I would have said you're being unreasonable, and most people would have said you're being unreasonable. No one argues that when the first evidence of pollution occurred, it was not a reasonable course of action to try to get the company to clean up their act, especially when a good part of that company, at least that particular coal mine, is owned by the Alberta Energy Company, which we in this House all know is, if not a direct agent of the government, at least very close to this government. We voted the start-up money in 1973 to establish the Alberta Energy Company.

So, Mr. Chairman, it wouldn't have been unreasonable to have some time in which to get Luscar Sterco to change their ways, but what is some time? What is some time if that means advising, warning, directing, and then we suggest charges should be laid — not the opposition suggesting charges be laid, not the political opponents of this government suggesting charges should be laid, but two Crown prosecutors who say the evidence is there to lay the charges. Then the minister's response is: what we will do instead of laying charges is withhold the royalty relief program in order to get them to do it. What is the royalty relief program? It is a program by which the company is going to be able to shield itself from certain royalties it would otherwise pay. That's very nice for Luscar Sterco, but if every small-business man in this province who found he had some problem with the town or village in which he operates his business and is ordered to change it could simply get a tax relief program to do it, it would be very nice. But it does not happen very often.

Here you have the case of a company for which the evidence is clearly there. The evidence is there enough to lead two objective prosecutors that charges should be laid, to conclude that they are breaking the law. The way in which we deal with them is to say, okay, if you will agree to clean up your act, we will go ahead and provide the royalty relief, and out of that you could clean up your act. That is quite a change from the position the Tories used to take in the House when they were the Official Opposition and Mr. Yurko was saying, polluter pay. Basically what is happening in this particular instance is that the taxpayers are going to pay. Sure, part of the money to install the better equipment will be coming from the company, but out of a royalty relief which is specifically mentioned in the minister's memo.

Mr. Chairman, I don't think the government should be patting itself on the back over this one. I don't think they should

be patting themselves on the back at all, because if legislation is to have any meaning to protect the environment, it must be properly administered. No one is saying that the company should have to close down its operation and that all the jobs should be lost. No one is saying that at all. However, the question is that if they have broken the law, surely the money to install the proper equipment so that they don't break law should come from the investors in Luscar Sterco, including the Alberta Energy Company. That may make the final profits of the Alberta Energy Company a little less attractive; so be it. But that's true with whatever concern violates a law and has to make amends.

What kind of precedent are we establishing in terms of equality before the law, in terms of making it clear to large operations that this kind of legislation, whether federal or provincial, whether it's the Clean Air Act, the Clean Water Act, or the federal Fisheries Act, is going to be properly administered and enforced, and not enforced at our expense but enforced as one of the conditions of doing business.

Having said that, Mr. Chairman, let me move on to the next point I want to make. I believe we have to insist on proper environmental standards whether it's an oil company, a forest operation, a coal company, or individuals. I have never qualified my view on that. I think this party was right when they were in opposition. I think they are wrong now, and those of us — people like Mr. Yurko — who still hold the views are basically right.

Let me move to the question of where we're going to find markets for Alberta coal. Mr. Chairman, one of the things the Minister of Energy and Natural Resources would note in the Macdonald commission report is that the international outlook for the export of coal is not the best. I believe we have to actively pursue Canadian markets for our coal. I remember the former Member for Drumheller, Gordon Taylor, who 13 or 14 years ago in this House, at least two or three times a session, would bring up the issue of western coal being used to supply Ontario Hydro. All successive energy ministers, whether it was the first minister, Mr. Dickie, or Mr. Leitch, or the various other ministers who have been minister of energy these last 13 years, would smile happily and say: yes, we're investigating that, and we think it's a good idea, and we're going to do whatever we can. The fact of the matter is that Ontario Hydro went on importing coal from the United States, coal which has a very high sulphur content and contributes to the acid rain problem, which people in central Canada are so upset about that we even have a diplomatic note sent by the Prime Minister of Canada to Ronald Reagan saying, do something about acid rain. I happen to think that's a reasonable concern on the part of the Prime Minister.

Mr. Chairman, we can't do much about acid rain if we allow a big province like Ontario to use coal which has a very high sulphur content as its base for generating electricity. Here has been a wonderful opportunity to expand our markets. But what hasn't been said and what needs to be said now is that because of the energy wars of the 1970s, we did not have the kind of close relationship with either the federal government or the government of Ontario which would have allowed us to begin to move into that market for western coal producers.

If we're going to have any coal industry in the west at all, it's not going to be successful if we base it all on export of coal. We're just going to find ourselves in a lot of trouble down the road, and the coal communities today may very well suffer the same fate as the coal communities did in the early '50s. The hon. chairman will recall the vibrant communities we had in the Coal Branch, which totally closed down when we had dieselization of the railroads. I think reliance on export markets,

Mr. Chairman, particularly when the Japanese can get coal at very competitive prices from Australia, South Africa, and other parts of the world, is a very dangerous policy. Surely that should lead us as a strategy to stress the need to substitute coal that is imported by coal that is produced, especially in the west.

On this coal issue, I think we have the basis of a little bit of co-operative federalism, believe it or not, because Ontario is a major consumer of coal. They just recently issued contracts for another 4 million tonnes of coal. We have a coal industry in Cape Breton. The problem with Cape Breton coal is that it's the same as coal brought in from the United States — it's high sulphur content coal. So you could not argue the use of Cape Breton coal in the same way as you could argue the use of western Canadian coal. But I'm told by people in Ontario who are conversant with the industry down there, with the generation system, that you need a mix of high sulphur with mainly low sulphur coal. I'm not enough of an engineer to describe the reasons for that.

[Mr. Purdy in the Chair]

I'm saying that instead of getting into a situation where Ontario Hydro is bringing in all kinds of high sulphur coal from the United States, what we should be looking at, Mr. Minister, and I say this to you as seriously as I can, is a case for shifting away — we can't cut off all those contracts overnight — so we bring in some coal from Atlantic Canada. If they need a certain amount of high sulphur coal, let them bring it in from Cape Breton Island and help the coal industry of that province. But to the extent that they can move to low sulphur content coal and should with their technology, then that is a market we should be exploring for coal produced largely in Alberta but to a lesser extent in Saskatchewan and also British Columbia.

Mr. Chairman, I want to deal with one other item respecting coal. I really believe we're going to have to take a pretty close look at the co-ordination of coal megaprojects. Several years ago when we had the problems in Grande Cache, we had a lot of debate over the future of Mr. Bennett's northeastern coal policy. I'm not sure whether the minister has flown in that area, but it is not very far at all by airplane from Grande Cache to Tumbler Ridge. The problem is that a megaproject the size of Tumbler Ridge, undertaken without any consultation with the government of Alberta or other coal operations, as I understand it, threatens the entire industry because it is a massive project. It might be one thing if we had good old free enterprise and you could say, shucks, this man has come in and has opened up a store across the street. It might even be the community of Wabamun. Somebody else can open a store across the street. Fair ball. But we're not dealing with that kind of situation when we look at the development of coal mines, because we are talking in terms of megadollars, public megadollars in large part. There's no doubt that Tumbler Ridge would not have gone ahead — the minister would know this — without the vast sums of provincial and federal dollars that went in to open that project. So here you have two levels of government, the province of British Columbia and the government of Canada, which invested a good deal of money in a project which has the potential to jeopardize mines in southeastern British Columbia as well as the mines we have in Alberta.

Now, Mr. Chairman, what has happened is past. No one is saying that we should be going to Mr. Bennett and saying, close down Tumbler Ridge. What I think we have to do is look at some mechanism by which we co-ordinate the development of major coal projects in this area of the country, so that we don't have public dollars by one province being used to disrupt

the working environment for people in another province. When I go to a place like Grande Cache and people are concerned about their businesses, their homes, their life-styles because of the fragile market situation that company faces, and yet you can go 80 or 90 miles by air and get to a massive project in British Columbia with all kinds of public dollars — sure, there were lots of public dollars that went into Grande Cache. We wouldn't have had Grande Cache if it hadn't been for the railroad, the ARR; that was the catalyst. It involved a lot of public dollars to get it open.

The point I want to leave with the minister — I say this seriously and not in a rhetorical sense — is that in the future, let's get away from this business of provincial and federal governments and private-sector concerns moving ahead with projects that affect other parts of the industry. Let's see if we can synchronize our development strategy between the western provinces in such a way that what we do in Alberta will complement B.C., not compete with it; what we do in Alberta will complement Saskatchewan, not compete with it. In most cases we're not talking about private dollars in a traditional free-enterprise sense at all. We're talking about either tax concessions or vast amounts of public dollars.

Mr. Chairman, I now want to move very briefly to the lumber market. I'd like the minister of energy, either today or later on in the estimates, to give us as extensive a report as he can on the government's position with respect to B.C. Forest Products Ltd. We had a lot of effort that went into assessing the various proponents to develop the Berland-Fox Creek area, and the government decided — with great fanfare, I might add — to go ahead with BCFP.

A question I'd like to know is, when did the government first realize there were serious troubles? What negotiations took place before the cabinet announcement of — was it February? I don't have the exact date the minister's announcement was made. But I'd like to know what negotiations took place during that period of time. I gather that the company still has six months to rectify their failure to proceed under the agreement. Have there been any subsequent discussions on that? Mr. Chairman, I think it would be useful if we had as full a report as possible on the BCFP question.

From there on, Mr. Minister, presuming you mean what you say by cancelling the agreement if these changes don't come into place, what is going to be the next step? Are we going to have another set of requests for proposals? Will we be going through the process of a caucus committee looking over these proposals and then coming in with a recommendation? I think people in that area of the province would like to have as comprehensive an update as possible.

Mr. Chairman, I think there is one other thing that should be said. From time to time I meet people in the forest industry. I've been advised, Mr. Minister, that there is at least some concern that the American Senate, particularly with an election year coming, will proceed with import barriers this summer. I'd like to suggest to you that if there is any danger of that, it might be in the interests of the forest industry for you to make formal representation to the U.S. Senate, presumably in concert with your colleague from British Columbia.

One of the reasons — and I want to say this now — that I think the whole stress on our proposal for coal should be related to the high sulphur content and the acid rain problem is that we want to get into a situation where we can substitute Canadian coal. But if we just do it on the basis of our own market, then of course we endanger our market for products that we have a surplus of in the United States. But because there is concern over the acid rain problem, I think the acid rain problem allows us, if you'll permit me, to move beyond the normal: look, if

you're not prepared to take coal from Pennsylvania in Ontario, we are not going to take your forest products from Hines Creek or Coleman in Washington State.

Mr. Chairman, I raise that point now, because in terms of both industries — in one case we're looking at a domestic market; in the other case we're looking at stabilizing an international market. But it's not an irreconcilable problem as long as we focus our case on the acid rain problem. While there may be trade questions, there are also national questions of neighbour states that I think supersede normal trade matters and make one case logical, even though we might be arguing continued access to the American market in the other case of lumber.

Mr. Chairman, I want to share with the members of the committee a few comments on the oil and gas industry itself. Recently the Official Opposition sent a survey to oil companies in the province. We received 121 questionnaires back. The bulk of them were from small companies, 20 employees or less; a number from 20 to 50 employees. There were 12 from 50 to 200 employees, three from 200 to 500 employees, and one with 500 employees or more. Of course no survey is totally comprehensive, and I don't suggest that this one is. But it does represent at least a snapshot of some industry concerns, and I think it would be appropriate to take a moment or two to share that survey result with members of the committee.

First of all, we asked whether or not it would be sensible to look at a simplified tax system — not the kind of simplified tax system some people suggest, where we just back off all kinds of taxes and let the companies have more money, but a royalty rental agreement with the federal government. We all recognize that Ottawa has to have its share, in the same way as it should have its share of any industry that is doing relatively well, whether it be bank profits, profits of an outfit like General Motors or, for that matter, the operations of Imperial Oil in the oil business.

Mr. Chairman, it seems to me the problem is that because we've had these fierce jurisdictional differences, we never really get to a situation where you have a simplified tax system. You have provincial royalties, and you have the various incentive programs we brought in with ALPEP and the economic resurgence plan. You have the host of different methods by which the federal government traditionally collects money and various charges that were part of the national energy plan. So you have an extremely complicated system.

We asked the question: what would be your view of a single royalty to be shared between the federal and provincial governments? Seventy-nine percent of the companies supported that particular suggestion. The interesting thing is that even if you take into account the question of a higher royalty, a significant number — a slight majority — of companies support a simplified royalty rental system, even if it means a higher royalty in order to accommodate the simplicity of administration.

Mr. Chairman, the second question we asked was with respect to a favourite of mine, and that is prorationing, market sharing. I could never really understand why we could prorate oil when we had a surplus during the 1940s, but somehow prorationing natural gas is just beyond the realm of possibility. In fact it seems to me we have a form of prorationing through the operation of the pipeline companies. For example, we found there was overwhelming opposition to the monopoly position of the pipeline companies.

Mr. Chairman, on the issue of prorationing, a majority did not agree with us, but 48 percent felt that prorationing was a good idea. That is the sort of thing which leads me to conclude that, while some have dismissed prorationing as being feasible

at all, there is considerable support for it among a number of companies in the province, especially the smaller companies. It is interesting to note as you look at the type of company that the smaller the company, the stronger the support for prorationing. That is something I think members of the committee might want to keep in mind.

Mr. Chairman, going on from prorationing, a natural gas bank is another proposal my colleague and I have made on different occasions. Again, 48 percent of the companies surveyed supported the creation of a natural gas bank which could be used to store royalty gas. Some of the companies that opposed the idea did so on the basis of technical arguments as opposed to the philosophy of a natural gas bank. However, some suggested that the injection of royalty gas into existing reservoirs, such as Turner Valley, might well allow the production of substantially more oil while at the same time allowing companies to produce natural gas liquids to generate cash.

On the question of incentive programs, it is interesting. We asked the question: was the economic resurgence plan successful? Only 45 percent of the companies thought it was successful. The smaller the company, the less they thought it was successful; 39 percent of the small companies thought it was successful. On the other hand, when we got to the bigger companies, 73 percent thought it was successful. Of interest to members of the committee, though, when we consider the issue of voting public funds to this department, is that 66 percent of the companies felt that abuses of incentive programs are either widespread or of some concern.

Mr. Chairman, another area that came up in the survey was whether or not we should change our system of bidding for leases. We found a rather interesting response there. Some 44 percent of all companies surveyed supported noncash bidding systems, such as higher royalties or perhaps work commitments; that is, the amount of work a person would do. "Work pledges" is the phrase that was used.

Mr. Chairman, moving on to the so-called U.S. gas bubble, the survey results confirm the opinion that it is, in the view of at least the companies that responded, relatively short term; 92 percent said it would last less than five years, and 23 percent said it would last less than two years. Eighty-seven percent of the companies surveyed felt that long-term contracts were preferable to a spot-market approach for natural gas sales.

Mr. Chairman, bearing that in mind, while it's fine to talk about market-sensitive prices, we have a situation where a few years ago a tremendous amount of pressure was put upon this country to get ourselves into massive exports of natural gas because the Americans needed the natural gas. And because they were prepared to pay for the gas at that time, they signed take-or-pay agreements. Mr. Chairman, I believe any move away from an insistence that those contractual commitments be kept would be a mistake. I hearken back to the coal conference. One of the reasons I took the view at the coal conference we had sponsored by the United Mine Workers last fall is that while we have to substitute western Canadian coal for coal from the United States, I don't think we should be cancelling existing agreements. I think the bulk of this can come from increased coal sales or coal imports. I took that position — properly so, I think — because if we are going to be consistent on contracts we have, that those contracts be honoured, then we also have to take the same view as far as our approach to the Americans is concerned.

Mr. Chairman, several other items of interest came up in the survey. The oil sands development in heavy oil ...

MR. MARTIN: You confused the minister there.

MR. NOTLEY: Did I confuse the minister there? I hope I didn't confuse the minister.

Mr. Minister, the result was really quite interesting: 74 percent of the companies surveyed strongly supported rapidly moving ahead with heavy oil development. On the other hand, should the government want to get into another Alsands project, 80 percent opposed public investment in oil sands megaprojects. I think that's interesting, because it shows pretty clearly that the companies surveyed feel that heavy oil development is a better bang for the buck, at least from their point of view, than getting into megaprojects in the McMurray or even the Peace River area.

Mr. Chairman, one question that I thought was quite interesting was the support for alternate energy. I thought it was quite interesting because we've even had debates in this House, some years ago now. The suggestion was made by the Premier that pushing ahead with alternate energy was a foolish thing to even suggest, because we're an oil producing province and it would be inconsistent with our public interests. Not so, according to the companies, because 62 percent of all the companies surveyed supported development of alternate energy industries. So this idea that somehow you're either in the oil business and that's going to be the way you lock yourself into energy development and you can't look at alternate energy — that is the position that may be supported by some people, but apparently not by the majority of the industry itself, if our survey is at all accurate. Enough companies participated that I believe that, if not totally accurate in every question, it does give us a fairly broad picture of what the industry thinks on that subject.

Mr. Chairman, those were the main points the survey covered. Next week I'll be meeting with those people who participated in the survey, along with members of our energy committee, in the city of Calgary. I think what impressed me, in looking over the survey, is that it did confirm a number of interesting points. Point number one, there is support for some form of market sharing, especially among the smaller companies. Point number two, there is support for a gas bank. Number three, there is support for moving ahead with heavy oil development.

I think this government might well rethink its position on a heavy oil upgrader. I'm not party to those discussions between the federal minister and the Alberta and Saskatchewan ministers, but I have had an opportunity to discuss that issue with some of the Husky people. It seems to me that moving ahead with a heavy oil upgrader would be an important step forward in terms of giving the industry added zip, added life, at this particular time. There is surprising support for that position.

There is support for taking a second look at the way in which government collects the economic rent. What we're talking about here is the way in which we collect the economic rent. We can do it within our own respective jurisdictions — Alberta in its corner, the federal government in its corner, and Saskatchewan and B.C. in their corners. What the industry is saying to us — especially the smaller companies, the companies that don't have the staff to have 100 accountants figuring out how to make the best use of all these complicated rules that the governments, both federally and provincially, put in place — is that even if it means a slightly higher royalty, we're prepared to pay that in order to achieve some simplicity in the system.

Another matter that came out very strongly in the survey — it's perhaps appropriate to raise, because two years ago in the province of Saskatchewan, the people of that province unfortunately made a bad mistake, a very, very serious error. But while the Conservative government has done a lot of things wrong in Saskatchewan ...

MR. MARTIN: Huge deficits, bad management.

MR. NOTLEY: . . . I do think they have perhaps designed a little better incentive system than either the former NDP government or this government in Alberta. They have an incentive system which is very attractive to the industry at the moment. We had a number of people say: look, let's phase out all the potpourri of incentives that we have here in Alberta and replace them with a system which provides royalty relief until a well has achieved pay-out. When it has achieved pay-out, you then apply the full Crown royalty, which would be a shared royalty with the federal government. So you eliminate a lot of the different taxes, which I've already described, and the red tape, which is a frustration.

MR. MARTIN: Government intervening in the marketplace.

MR. NOTLEY: At the same time, you have a much simpler approach to incentives, and it's an incentive system, Mr. Minister, which is based on success. In other words, the industry goes out and they actually successfully drill a well that produces. Then, during that pay-out period of time, it's a royalty free situation.

When I met with some people last fall and they told me about this geophysical incentive program — these were industry people, who I gather even set up a sort of blue ribbon committee to look at the problems. Again, I'm not a geophysicist but I know that neither is the minister, so we're both in the same kind of position. Some of the maps which were brought to my attention I had geophysicists look at. It was obvious that the program had been played with. And in our survey, the companies themselves, 66 percent, feel there are abuses. The minister shakes his head. I don't care; 66 percent of the companies think there are abuses. According to my information, we had companies on this seismic program going up one road allowance and down the next to get their funds, and did very well out of it in terms of what you might call oil field welfare. But that's not contributing to the data base that's of any value to us as Albertans in terms of expanding the industry,

Mr. Chairman, with those few brief remarks, I certainly look forward to moving from the phase we have gone through, where we've made opening statements—I'm sure several other members may wish to make opening statements, and I wouldn't want to preclude them from doing that of course — to then deal with the many specific questions we'll be putting to both ministers. I would like to serve notice that when we get into the question phase, I'd like to begin — I have a number of questions for the hon. minister of energy, but since I started with the associate minister, maybe we can follow those up when other members have had a chance to make their initial remarks.

MR. JONSON: There is one aspect of these estimates I would like to question and comment on, but first of all I'd like to commend the minister for many of the initiatives he has been taking in his role in this particular department. I think the efforts to simplify regulations and allow for development while adequately providing for protection of the environment and for recreational opportunities are very, very much to be commended, and I hope those initiatives can go ahead.

The one area, though, I would like to know more about concerns the integrated planning procedure of the department, which I understand to be a fairly major activity at the moment. The specific case I'm involved in in our constituency is that of the North Saskatchewan subregional basin plan, or words to that effect. This particular report has recently been released,

and there's a great deal of interest in it in the western part of our constituency and, I imagine, all along the Eastern Slopes. The report outlines a plan for development of the area, but I would like to pose the following questions. First of all, could the minister be more specific on the steps he or his department anticipates taking in garnering public input on the proposals that are in that report? There is a great desire on the part of many people to make representation right now, and they're waiting for some indication as to what plan or outline is going to be used for the inviting of public representation.

The second question: what is the decision-making process going to be? What steps are going to be followed? What are the key points in the decision-making process? The third question: what time line does the associate minister anticipate in having some action actually come out of these particular reports and plans?

The proposals that are being made for the area are quite complex. They involve added land for agricultural use, quite marked changes in the designation of land that would be used for recreational development, and of course there's the usual large amount of land just plain preserved or kept in the green area.

Mr. Chairman, I think the idea of an integrated planning procedure is a very good one. It shows a great deal of promise. But I think the value of all this planning is very much dependent upon the scheme of things as far as its discussion with the public and what the eventual implementation is going to be. Therefore I would request of the Associate Minister of Public Lands and Wildlife that perhaps in his remarks he could outline in more detail what exactly is going to be the follow-up activity on those plans and how it's eventually going to be implemented.

MR. MARTIN: Mr. Chairman, I know the minister would be greatly disappointed if I didn't make a few short remarks to explain some policies and make some suggestions to the minister. I might point out that I am concerned that we often hear from this government basically excuses and we hear a lot of rhetoric about the private sector, but often very little help. In terms of how serious a problem I see, I go back — we can get into the budget. But one of the comments that's always struck home to me is — I know the minister wasn't around then, but the Premier was. The Premier, in a statement in a Pincher Creek by-election, even before the Premier was elected, complained about the government of the day and how they were basing too much of our wealth on a nonrenewable resource. At that time the figure was some 40 percent of the revenues coming into this province were based on a nonrenewable resource. When I look at the money coming into our government coffers now, I recognize that with the transfers from the heritage trust fund it's now up to 53 percent. So this is why we have a serious problem, and we have to do everything we can to, if you like, get the private sector back. I often hear the rhetoric that the private sector is the engine of recovery, and what we've tried to point out from time to time — and this is perhaps the main area. It is in the energy area in this province that the engine is stalled and in fact has almost quit in some cases.

Mr. Chairman, we have not tried just to be negative, especially in the energy area. We've tried to be broad, talking about doing something in terms of coal development, where we know we can't compete in the Japan market now because Australia is beating us. The minister well knows that. They have the transportation cost. We've talked about shipping it over. The minister always shakes his head, but he doesn't do anything. That's the interesting thing in this House. He's always got all the answers, but the economy keeps dropping and the oil indus-

try keeps suffering. The point we're trying to make is that there are alternatives that this government refuses to look at. We've talked about heavy oil. I know the minister is meeting, but we have one meeting after another. He's even making the federal Liberals look fast by comparison in the way they deal with things, whereas the Saskatchewan government seems to be moving on it. We seem to be outlasted all the time, and we as the Official Opposition presented this long before. We talked about this in the election, so we've been consistent in talking about this.

The other thing we've tried to do from time to time is bring up questions that deal with red tape, because one of the things the minister is well aware of is that the oil industry, especially the smaller companies, talks about the red tape. That's precisely what my colleague was trying to talk about, to make things simpler for them. That saves them money over the long haul. They don't have to hire as many lawyers and accountants, like the minister formerly worked with. Maybe that's why; it's job creation for lawyers.

The point we're trying to make is that in this province, we recognize how important the oil industry is. The minister may say, look at all the things we've done. I know that before the last election, we had the economic resurgence plan, with great fanfare. But when I look at what's happening with the economic resurgence plan after billions of dollars have gone . . . We look at the drilling activity in Alberta on January 17, 1984: active wells 204, down 144. When we look at Saskatchewan — at least they've been able to maintain it; that's what I'm talking about, being outlasted — 23, down one. There isn't as much oil and gas there; the minister is well aware of that. But the point is that rather than worrying about Saskatchewan, we're down 144 in the middle of the economic resurgence plan they're talking about.

MR. ZAOZIRNY: Quote Manitoba.

MR. MARTIN: Yes, talk about Manitoba, with the lowest unemployment in Canada. I'd love to talk about it. But the point is, and to bring it back to jobs, I will accept the government's argument that the private sector is one of the most important engines of recovery, and the oil industry in this province is one of the most important engines. But when I see this — as I said, it's stalled. In both the major cities — in the city of Calgary, which the minister is from, we have 12.8 percent unemployment, much of it coming from the oil industry, as he's well aware; in this city, 15.1 percent. We try to throw out different alternatives and different ways to handle it. We even go to the trouble of a survey, and the minister just sits there and shakes his head. He doesn't seem to have any answers, but he rejects everything everybody else says. It seems to me that the minister is saying that he has all the answers. If he has all the answers, I want to know why we're down 144 wells as of January 17, 1984, in the middle of the economic resurgence plan.

Mr. Chairman, I would like to reinforce some of the things and throw them out to the minister, because we're all in this together. If there are new ideas, even if they come from us, Mr. Speaker — sorry, Mr. Chairman; I don't want to put you up there yet. Even if they come from the Official Opposition, with the severe problems facing this province — as the Conference Board says, 10th out of 10 — surely we should be looking at ideas.

So with that spirit of co-operation, I will again list eight points I would like the minister to take a serious look at. They're not just from us; they are from other people in the oil industry. We've talked about negotiations being reopened with the fed-

eral government. I understand you now have a very good relationship. We're told in the media that Mr. Chrétien and Mr. Zaozimy get along really well. If there's this new-found co-operation between the federal Liberals and the provincial Conservatives, why not look at a single royalty system? Surely this can be worked out. That's what the oil industry is asking for. They're tired of both levels of government; that's what they're tired of. The second thing we suggest the minister look at, perhaps instead of being smart-alecky and knowing all the answers, is that he might take some advice from some people in the oil industry.

The government immediately re-examine its policy on natural gas marketing with the objective of providing more equitable access to markets and a more just distribution of costs among gas producers in this province: Mr. Chairman, if the minister is out talking to gas producers, he would recognize that this is a problem. If he has a better way to do this than we've suggested, good. Let's hear what it is, and we'll debate it in this House. We've suggested a natural gas bank; the minister just rejects that. But it's obvious that many people in the oil industry are looking at this as a possibility. I throw it out again for the minister.

Another point: the current incentive programs be phased out and replaced with a system which provides royalty relief until a well has achieved pay-out. Mr. Chairman, if this is working in Saskatchewan, if producers say this is what would work well in terms of incentive to get out and drill so that we're not down 144, surely rather than just rejecting this, the minister should take a good look at it. We could at least then be competitive with his cousins in Saskatchewan.

The next point we talk about: on an experimental basis of noncash bids in two special situations. Number one, Mr. Chairman, in areas where the government would like to generate activity because of a downturn in the local economy or because geological information in the area is sparse, the government itself could post parcels and accept bids on the basis of work pledges rather than cash. This may be a new idea, but it is an old idea. It's working well in other parts of the world, as the minister should be well aware — certainly in Australia. That's one we could take a look at. If it works as a stimulative effect to put people back to work, if it's working there, why not take a look at it here? The other area is where a significant discovery has led to rapidly escalating land prices, the government could put up land parcels in a checkerboard pattern and award leases on the basis of royalty bids. I would like the comments of the minister on this. It seems to me that makes some sense. If there are problems with it, I'm sure the minister will tell us about it.

The sixth point: that continued pressure by the provincial and federal governments be exerted against the U.S. for that country to honour its existing take-or-pay commitments on natural gas. We've gone through this before. The minister, as the all-knowing minister, may smile as we have fewer wells in activity and oil and gas in a terrible state. He smiles and knows it all. The point we're trying to make, Mr. Chairman, is that they are going to need gas from us in the future. As many people say, this is temporary. We've been good partners before, and the point is that in a time of recession, they should be good partners with us now. We've said this before, and I know the minister doesn't believe that, but I think all sorts of pressure should be put on the American government to follow their contracts. If the minister says they shouldn't, why don't we just give it away? If we just gave it away, I'm sure we'd be competitive in the market then. [interjection] Should stick to hospitals? Well, you should stick to law, if that's what you were doing. At least I'm not the minister of energy, down 144

wells. So before the minister makes any comments, he should do it . . . [interjections] Don't get exercised. If the minister's doing a good job, he shouldn't be bothered. He must be a little bit upset because he knows things aren't going well.

The seventh point, Mr. Chairman, to the minister that knows it all: an immediate commitment to the development of heavy oil. Again, Mr. Minister, it's not us saying it. It's people in the oil industry, and I accept that maybe the people in the oil industry might know as much as the minister. This may bamboozle him and come as a great surprise, but it may be that they do. When we look at a survey that says this is something we should get on with, and we talk to people in the industry and they say that, then I have to believe it.

The eighth point we've talked about, Mr. Chairman, is the immediate development of alternate energy industries as a means of diversifying the Alberta economy. With the oil and gas industry, we are in a special position in this province to look at alternate energy. We still are, even with the minister's help — or hindrance, I might say — the energy capital in Canada. In terms of diversifying our economy and jobs in the future, I would like to make sure that we have that 20 or 30 years down the way. Probably the best heritage we could have would be industries that are viable. As a result, I suggest to the minister that in any way possible we should be on the forefront in terms of developing alternate energy.

Mr. Chairman, with those few short constructive remarks to the minister of energy — I hope he will take them in that spirit and realize that the minister of energy, quite frankly, does not know everything about the energy industry. There are many people out there who do, and the minister, rather than having a closed mind, should be listening much more, because we do have severe problems. If you talk to people in the oil industry, they will tell the minister the same thing. I understand even Conservatives told him that at the recent convention that they were so proud of.

Thank you, Mr. Chairman.

MR. DEPUTY CHAIRMAN: Would the minister like to respond?

MR. ZAOZIRNY: Mr. Chairman, to the extent that time permits, I'd like to make a few remarks in response in part to some of the comments made by hon. members during the course of this opening discussion. I'll do it simply on the basis of the order in which they were raised by, first of all, the hon. Leader of the Opposition and later his sidekick, the hon. Member for Edmonton Norwood.

First of all, Mr. Chairman, the Luscar Sterco matter which the hon. Leader of the Opposition has raised. It's a little reminiscent of a dog with an old bone. He keeps gnawing on it, hoping to find some meat, but with little fortune. However, here we go. I'd like to keep my comments on that relatively brief, because I know my colleague, the Associate Minister of Public Lands and Wildlife, will want to respond in particular in regard to the Fisheries Act aspects of it which fall within his portfolio responsibilities.

I must mention having noted a certain degree of sensitivity on the part of the hon. Leader of the Opposition in terms of his trying to ride two horses. He's in favour of jobs, but he's not so sure he's in favour of jobs in terms of that situation there. It brings to mind his position on the forestry industry and logging in the Hidden Creek valley, where last year we heard him railing and bringing forth the views of a certain environmental lobby. However, he now talks to us about how concerned he is about our forestry industry. Mr. Chairman, methinks the hon. member doth protest too much.

The only specific comment I want to make on that issue is that there seems to be a misunderstanding in the mind of the hon. member with respect to the matter of legal costs. He suggested in his opening remarks that this was one of the reasons in fact that a legal proceeding did not occur, and suggested that that was implicit in my remarks. Just for the clarification of the record, and in terms of any response that my colleague the hon. associate minister will be providing subsequently, I think it should be clear that what was being described there was the happy result of the approach and manner in which that situation was handled. That was the result in fact, that legal costs were not incurred. That was certainly not a reason, if you will.

I really don't think there's more I would add on that subject. As I say, my colleague the hon. associate minister will, I know, be dealing with it, and in particular the matter of legal opinions, of which a number were received much later in the day and in the process than the hon. leader has noted in his remarks. I'll leave that for the hon. associate minister.

Just a few words on the matter of coal. The hon. Leader of the Opposition has talked about the importance of selling coal to Ontario. I couldn't agree more. What the hon. leader has rather blissfully ignored is the reality that we are currently selling upwards of 30 percent of the coal that's purchased by Ontario Hydro. Those sales of course have been achieved as a result of some specific initiatives taken by this government since the mid-1970s and beyond. I should also point out, contrary to the remarks of the hon. member when he suggested that somehow there was a dependency on our part on the export market, that while the export market is a very crucial market for us in terms of returns to our producers, our coal companies, the fact is that the bulk of the coal in Alberta is sold and consumed domestically, right here in Canada, specifically right here in Alberta. There seemed to be a misunderstanding on the part of the hon. Leader of the Opposition in that regard.

In the matter of coal sales to Ontario, I would say that the fact of the matter is that for some time their plans have been — and these plans are well known and publicly known — to move away from using coal as a feedstock in Ontario Hydro facilities, a movement toward nuclear. There may be some window of opportunity that has arisen in the last few months as a result of the problems they've been experiencing with nuclear power. I certainly think it behooves us to ensure that if there is a window of opportunity of whatever magnitude, we're working hard to make the most of whatever opportunity may arise. Again, notwithstanding the comments of the hon. Leader of the Opposition to the contrary, we are working in co-operation not only with our industry but very specifically with the Ontario government and with Ontario Hydro in assessing the very major matters involved in greater utilization of Alberta and western Canadian coal in general in the province of Ontario and specifically by Ontario Hydro.

On the matter of coal development, I trust that the hon. member, when he talks about orderly development of coal resources in Canada, is surely not advocating the successor to the national energy policy, something akin to a national coal policy. I don't think that's what he's saying; I trust that is not the case. I just want to assure him that perhaps again he's taking a rather narrow view of things when he expresses major concern about competition from other provinces within Canada in terms of the world market. The fact of the matter is that Canada in total supplies only a very small fraction of the world market. There is a huge market there. Our competition is worldwide. The key to meeting competition is efficiency of operation and developing the most economic resource available, the most economic deposits. Surely to goodness we've learned by now,

through the dismal experience of the national energy policy, that the best way to ensure that you have the most efficient development of the resource and that you can compete in world markets is by allowing those who know best, the explorers and developers, to make those decisions, not governments. Surely we've learned that by now.

A few words on the matter of the British Columbia Forest Products situation and the failure of BCFP to meet their obligations. Trying to recall all the comments and queries of the hon. member, and we can get into these in more detail as we proceed, I would say that certainly in the early part of 1983, there were indications of the difficult circumstances British Columbia Forest Products had gotten themselves into. Our staff was working very closely with the BCFP organization to try to determine if there was a way in which they might be able to proceed with the balance of their commitments in the Night and Whitecourt areas on schedule and as they had committed to under the forest management agreement. It was later in 1983, I suppose getting into the fall, when we were approached by both BCFP and the Alberta Energy Company, who said to us jointly that given the circumstances of BCFP and given Alberta Energy Company's own outstanding obligation under its separate forest management agreement, they thought there was a possibility if they worked together that they might be able to come forward with a major project in that area in the forest products industry. They requested a six-month time frame within which to make that assessment. It was our judgment, Mr. Chairman, that it was appropriate and proper that that opportunity be afforded.

The fact is that I am advised that they spent upwards of \$1 million conducting a very thorough assessment of the prospects of such a project. Ultimately we were advised in the early part of 1984, about the last day or days of February, that they would simply not be able to proceed given a couple of circumstances: number one, BCFP's difficult financial circumstances and, as well, the fact that in order to proceed with a major facility, a significantly higher level of world price for pulp would still be required.

In the aftermath of that advice and having received authority from cabinet, I provided a formal written notice to British Columbia Forest Products by letter dated March 7 of the fact that they'd failed to meet the requirements of the forest management agreement. As was mentioned earlier, they have a six-month time frame within which to remedy the default. It can only be remedied by way of actually commencing construction of the necessary facilities. We have also discussed with B.C. Forest Products our view that certainly if it becomes clear that they can't put together any organization, any group of companies to meet those requirements, it would only be fair that they relinquish their remaining legal rights prior to the six-month time frame having expired. I think we can talk about that some more and in greater detail as we get on with the estimates.

On the subject of any advice as to possible import barriers for timber sales into the United States, that advice has not come to me as minister to this point in time. As a matter of fact, having become somewhat more familiar with the U.S. congres-

sional system as a result of our travels to Washington and working with American congressional participants and advisors, I think it would be a somewhat surprising situation if that kind of legislation were able to be put together very shortly prior to an election, just by virtue of the nature of the process they're involved in. However, we'll certainly monitor that situation. I accept the concern that's been expressed to me by the hon. Leader of the Opposition, and certainly would welcome conveyance of any other specific information he may have on the matter.

In the couple of minutes remaining in this first discussion of our estimates, Mr. Chairman, I want to respond on a preliminary basis to the broader matters of energy policy that have been raised. The hon. Leader of the Opposition and his cohort the Member for Edmonton Norwood have both discussed the matter of energy policy and their survey. I must note of course that some 80 percent of those who were surveyed didn't even bother to send a response, but I'm just fascinated with the new energy policy that has come forward from the hon. Leader of the Opposition. I see a lot of flags on the desks here. I'd call this one the white flag policy. It's really a beaut. This is the one where the Official Leader of the Opposition and the opposition party is going to capitulate to Ottawa and grant a clear and pure and unadulterated royalty to the federal government. They're going to sell out the birthright of Albertans that we've fought so hard for over the years. That's the pillar of the new NDP energy policy. It's a beaut, Mr. Chairman. [interjections]

MR. HORSMAN: On that eloquent note, may I interrupt my colleague and move that the committee rise and report.

[Motion carried]

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

HON. MEMBERS: Agreed.

MR. HORSMAN: Mr. Speaker, I move that the Assembly now adjourn in accordance with the motion previously passed by this Assembly.

MR. SPEAKER: Before putting the motion, may I wish all members a very happy Easter.

Having heard the motion by the hon. Deputy Government House Leader, do you all agree?

HON. MEMBERS: Agreed.

[At 5:29 p.m., the House adjourned to Monday, April 30, at 2:30 p.m.]

