

LEGISLATIVE ASSEMBLY OF ALBERTA

Title: **Monday, May 6, 1985 2:30 p.m.**

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

PRAYERS

[Mr. Speaker in the Chair]

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

MR. STILES: Mr. Speaker, the Standing Committee on Private Bills has had the following Bills under consideration and recommends that they be proceeded with: Bill Pr. 1, the Heritage Savings & Trust Company Amendment Act, 1985; Bill Pr. 2, the Westerner Exposition Association Act; Bill Pr. 3, the David Michael Skakun Adoption Termination Act; Bill Pr. 5, Les Soeurs de Sainte-Croix, Province Sainte-Therese — Sisters of Holy Cross, Saint Theresa Province Act; Bill Pr. 7, The St. Louis Hospital, Bonnyville Amendment Act, 1985; Bill Pr. 10, the Westcastle Development Authority Act; and Bill Pr. 12, the Highfield Trust Company Repeal Act.

head: **TABLING RETURNS AND REPORTS**

MRS. OSTERMAN: Mr. Speaker, I request leave to file the annual report of the Alberta Automobile Insurance Board for the year ended December 31, 1984. Also, I would file the report of the Alberta Automobile Insurance Board to the Minister of Consumer and Corporate Affairs respecting the use or elimination of factors of age, sex, and marital status in automobile insurance rating. This was done as of April 1985.

MR. TRYNCHY: Mr. Speaker, I wish to table the answer to Motion for a Return 181, the annual report for the Alberta Games Council, and the annual report of the Advisory Committee on Wilderness Areas and Ecological Reserves.

DR. BUCK: Mr. Speaker, on behalf of my colleague, the hon. Member for Little Bow, I wish to file with the Legislature Library a list of some 1,300 signatures from Albertans who have indicated their opposition in principle to retail store openings on Sundays for nonessential businesses.

head: **INTRODUCTION OF SPECIAL GUESTS**

MR. KING: Mr. Speaker, I take pleasure in introducing to you, and through you to the members of the Assembly, 50 grades 4, 5, and 6 students from St. Leo school, which is situated in Edmonton Highlands. They are accompanied by teachers Mrs. Baron and Mr. Thomas. They are seated in the members' gallery. I'd ask that they rise to receive the warm welcome of the Assembly.

MR. HYNDMAN: Mr. Speaker, it's my pleasure today to introduce to you and to members of the Assembly almost

two dozen interested students from Grade 6 in Laurier Heights school. They are accompanied by their teacher, Mrs. Esther Woodrow. They are seated in the members' gallery, and I'd ask that they rise at this time and receive the warm welcome of the Assembly.

MR. McPHERSON: Mr. Speaker, it's my pleasure today to introduce to you, and through you to members of the Legislative Assembly, some 20 spirited and exceptionally well-mannered Grade 6 students from the Piper Creek school in the Red Deer constituency. They are accompanied today by their teacher, Miss Jean Tatlow, and parent Mrs. Rose Schuelke. They are seated in the public gallery, and I'd now ask that they rise and be recognized by the House.

head: **ORAL QUESTION PERIOD**

Lodgepole Inquiry

MR. MARTIN: Mr. Speaker, I direct the first question to the Minister of Energy and Natural Resources. It has to do with the recent Lodgepole blowout panel's report and the follow-up on this. They say in there that the ERCB should identify wells which are critical in terms of avoiding possible blowouts and establish special conditions that must be satisfied by an operator before these wells can be drilled. My question is: can the minister give the Assembly assurance that this recommendation will be implemented, given the recent suggestion from the joint industry/ERCB committee studying the matter that such strict conditions are unnecessary?

MR. ZAOZIRNY: Mr. Speaker, at this juncture the only response I could provide to the hon. member's question is that it is my understanding that they are moving in a substantial way to minimize the prospects for any repeat of the circumstances of the Lodgepole blowout. In fact, as a result of some further review and assessment of the situation, they may have determined that the requirements appropriate under the circumstances may be somewhat less onerous than had originally been contemplated. But I think that if we look at the track record of the Energy Resources Conservation Board in terms of protecting the public interest while ensuring a healthy energy industry in this province, we can be satisfied that the final rules and regulations that are promulgated will be the appropriate ones, given the circumstances.

MR. MARTIN: A supplementary question, Mr. Speaker. In view of the public interest that he talks about and that Lodgepole attracted a lot of publicity, has the minister, on behalf of the government, made any representation to the ERCB on behalf of all Albertans to the effect that a mandatory code of sour gas drilling practices is essential?

MR. ZAOZIRNY: Mr. Speaker, I trust the hon. member is not suggesting that the government should begin to intervene and interfere in the determinations of the ERCB. In fact, the Energy Resources Conservation Board has a quasi-judicial status. That is the way they have operated; that is the only way in which they can operate effectively. The process by which they have conducted these determinations is based upon public hearings where there is a complete opportunity for full public input. I think it would be inappropriate for the government to start trying to make

these very technical decisions that the board itself is best attuned to make. So we will let the process operate as it has in the past. I think the track record is a fine one and speaks for itself.

MR. MARTIN: A supplementary question. Nobody's questioning the ERCB recommendations, but they recommended something very different from what the industry and the ERCB are jointly recommending. I think most people would want them mandatory, and that's why I'm asking the minister of energy — they have suggested in the most recent report that the sour gas industry should implement, instead of a mandatory system, a voluntary system of recommended practices for companies to use when drilling critical wells. My question to the minister, who's elected to represent Albertans: has the minister met with the ERCB to discuss what will be used to monitor such voluntary compliance with what are only recommended practices, given Amoco's demonstrated failure to do so at Lodgepole?

MR. ZAOZIRNY: Mr. Speaker, in the normal course the Energy Resources Conservation Board will certainly provide due notice as to the final conclusions they will reach in this matter. It is my understanding that they have not yet arrived at that final determination. I think the hon. member is recognizing that. It would certainly not be my intention to meet with them to try to compel them to make certain determinations which, as I say, are of a highly technical nature. I have confidence in that board, and I trust the rest of the members of the Assembly do as well.

MR. MARTIN: I raise the questions, Mr. Speaker, because there seems to be a watering down from the original proposal. I think that makes many Albertans a little nervous. Could the minister give us at this date the approximate cost to the Alberta Treasury as a result of the Lodgepole blowout?

MR. ZAOZIRNY: No, Mr. Speaker.

MR. MARTIN: A supplementary. We have no idea at this point, which leads me to another recommendation, because I think it's important. What consideration has the minister given to the panel's recommendation that blowout insurance be required to protect the public purse against the costs of huge blowouts like Lodgepole?

MR. ZAOZIRNY: Mr. Speaker, we haven't had a chance to really assess the recommendations the hon. member is referring to in such specific detail. If he has some further specific questions on those matters, I'd be happy to take them as notice and respond on another occasion.

MR. MARTIN: Mr. Speaker, this major report has been out for a long time. I thought the minister would have gone through and had some idea at this point, at least some recommendations. My next question: the Lodgepole panel also recommended that specially trained teams be established for drilling what they call critical wells. Can the minister advise if there's been any progress in this area?

MR. ZAOZIRNY: Mr. Speaker, the hon. member asks the questions with the implication that this is somehow a matter for decision by the government. These matters are ultimately going to be determined on the basis of the Energy Resources Conservation Board assessment of all the circumstances and follow-through. I think that was made clear at the time of

the hearing and the publication of the report to which he is referring.

MR. MARTIN: A supplementary question. That's all very well and dandy, but the minister is still the elected person responsible for the ERCB. Somebody has to take responsibility ...

MR. SPEAKER: Order please.

MR. MARTIN: Moving into another area, maybe the minister could answer my question dealing with sour gas. Could the minister indicate if the Canterra sour gas well near Bergen is going ahead? I ask that, Mr. Speaker, because concern has been expressed by many people, including the residents, that drilling this well could be unsafe because at least some reports indicate the highest concentration of any sour gas well yet drilled in the world.

MR. ZAOZIRNY: Mr. Speaker, the hon. member is asking questions which he knows are clearly within the determination of the board, and I really must question the underlying premise of his questions in the Assembly. Is the hon. member suggesting that the government should intervene and interfere in these matters of a technical nature and make decisions that the Energy Resources Conservation Board is best qualified to make? With respect to the Bergen situation, it is my understanding that in December 1984 the Energy Resources Conservation Board provided an approval to the drilling of the well in question, but only on the basis of a very clear set of rigid guidelines. I think that determination, which has been based upon public input from all sides of the question, is appropriate under the circumstances; namely, a determination by the board best able to make those decisions.

MR. MARTIN: A supplementary question.

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

MR. MARTIN: I'm not sure what his responsibility is now, by the answers I'm getting, but I thought he was the minister of energy. Is the minister taking any action at all to ensure that the Lodgepole inquiry report does not merely collect dust — because all Albertans are concerned about this — while other committees, such as the joint industry/ERCB, dilute the earlier and, we believe, thorough recommendations coming from the Lodgepole panel?

MR. ZAOZIRNY: Mr. Speaker, if the hon. member is suggesting that the process the ERCB has undertaken to come to its final conclusions is incorrect, I do not share that view. The Energy Resources Conservation Board came forward with a comprehensive report and made it clear in their report that they would follow up on the report with a careful further examination of particular issues, some of which the hon. member has raised in the Assembly today. They are following through very precisely on that process and coming to the final determinations and will come to those final determinations following through on that process. I think it's entirely appropriate under the circumstances that they do so, and I think it would be entirely wrong, as the hon. member seems to be suggesting, that the government interfere in that process.

MR. MARTIN: Heavens, no. I wouldn't want the government interfering with the safety of Albertans.

Women in the Public Service

MR. MARTIN: Mr. Speaker, my second set of questions is directed to the minister responsible for personnel development, and it has to do with advancement of women in the public service. Back in May 1980 the minister then responsible for Personnel Administration indicated that there was action going ahead to deal with the advancement of women. I could quote it, but it indicated that this was a deliberate policy. My question to the minister: could the minister indicate why women in the public service some five years after this initiative make, on average, \$10,000 less per year than men?

MR. STEVENS: Mr. Speaker, I don't know what statistics the Leader of the Opposition has at his disposal, but I am very pleased to say that while there is much that can be done and remains to be done regarding the advancement of women and the career opportunities for women in the public service, our program has been very successful. In fact, from 1980 to 1984 the number of female managers in the public service has doubled.

MR. MARTIN: That wasn't the question I asked. From two to four is not much. I'll come to that. My question had to do with \$10,000, but we'll accept that as the answer. My next question, simply, to the minister: in view of the fact that it is \$10,000 less, what is the government now doing to narrow that gap?

MR. STEVENS: Mr. Speaker, the member continually refers to average salaries. One has to look at the level, the responsibility, and the classification of the position, and the salary level may well be one for a member of the bargaining unit, which requires negotiations with the union and, where negotiations fail, arbitration. But basically, men and women in the public service of Alberta with the same experience are paid exactly the same for doing the same work at the same level. I know the member probably wants to disagree with that, but that is a fact. If one wants to have advancement, one provides programs, and we do. We have a series of programs which provide for female employees to take training not only in their development in their own careers but for other career paths; we have advanced those programs and have led in Canada. Many women in the public service, thousands per year in fact, have taken advantage of those training programs.

A second program the government has is that each department now has a senior manager as well as a personnel co-ordinator whose role it is to monitor progress, advancement, opportunities, and so on. There is also a forum which has been established for women in the public service to share opportunities, experiences, difficulties. We're doing a number of things like this, Mr. Speaker. I could go on and on. I'm very positive about our programs, and I think they are leading in Canada. The number of managers is not two to four; in fact, it's doubled in percentage. The salary levels have increased, and the gap between male and female has significantly decreased over the same period.

MR. MARTIN: Mr. Speaker, let's get into some of the figures the minister is so proud about. Given that male employees in management constitute some 28.3 percent of

all the men employed in the public service, and that only 2.6 percent of all female provincial government employees are in management — he says this is the best in Canada. Is he 'saying that these numbers I'm quoting are satisfactory to the government?

MR. STEVENS: Mr. Speaker, I thought I made it clear at the beginning of my response that there is much that can be done. Much remains to be done, but I'm very pleased to see women candidates in many, many job opportunities that for years women chose not to seek an entry to. Our public service is still based — and I hope it will continue to be based — on the merit principle, as is our legislation. The best candidate is selected for any position. What we have to do is ensure that the doors are not closed, and we do that through orientation for managers. We must make sure that opportunities are available; we do that through education programs on the job and in the evening. Many women and men employees take advantage of the training programs on the job or at university or college to enter other opportunities.

The interesting figure, Mr. Speaker ... Was it Mark Twain who said, "There are lies, damn lies, and statistics"? But when one looks at statistics one has to use them fairly and across all the opportunities there. One doesn't just pick and choose. What's happened over the past four years is that women managers are moving into the supervisory levels, into the junior and now the senior management levels of our government. I'm pleased to see that happening. Throughout departments where we had no female employees — for example, the corrections area; there are many women now working as corrections officers. Some years ago that career was not open to females. So that's happening across the stream in our public service.

MR. MARTIN: Well, Mr. Speaker, I'm glad the minister is so proud, but the proof is in the pudding. The minister is well aware that a recent study done in March showed that women work in 66 of the highest paid positions while men hold 869. In other words, 93 percent of the highest paid positions are occupied by men. My question to the minister: besides all the rhetoric, how does the government justify those sorts of figures?

MR. STEVENS: Mr. Speaker, the government isn't justifying or not justifying the figures. One can pick any figure and have an interesting statistical game. I believe the member is quoting from a very limited study done by someone for another organization, which did not take into account the level of the position, the skills that the person brought to the job, and the number of years of service. The member knows full well that we negotiate those. Hopefully those salary levels are something that we do through negotiations; if not, then through arbitration. But as women enter those jobs that were not traditionally selected by them, as women advance to supervisory positions, as they move into management positions, those numbers will change. They have changed rapidly over the past few years. I'm not satisfied. I'm sure none of us is satisfied. What we have to have is the best qualified people working for the province of Alberta. In general, I am very pleased that women are making themselves available for other opportunities, are studying, and are moving ahead rapidly.

MR. MARTIN: Mr. Speaker, the minister's definition of "rapidly" is a little bit ...

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

MR. MARTIN: I would suggest, Mr. Speaker, that the last five years have been a washout. My question simply is this: will the government now recognize its responsibilities and look at a policy of equal pay for work of equal value and affirmative action in certain parts of the public service?

AN HON. MEMBER: Come off it.

MR. STEVENS: Well, Mr. Speaker, I don't know if that's a debate or if it's a question. But to begin to answer in a short time frame: the member may be speaking about the federal Abella Commission, which dealt with 11 federal corporations. Our government managed to put in place all the programs of that commission years before that commission, except for two features of her report. The government will not impose a mandatory compliance requirement, which is what I believe the member is suggesting the government do. The government believes in the volunteer approach. The government believes in someone coming forward and saying, "I'm ready; I wish to apply", and believes in the merit system. The second area the member talks about is the equal work and equal pay principle. This government supports equal pay for work that is equal or substantially similar. The marketplace, negotiations, and arbitration are where we determine salary levels.

Violence by the Mentally III

DR. BUCK: Mr. Speaker, my question is to the hon. Solicitor General and to the Minister of Social Services and Community Health. This has to do with the tragic shooting of the RCMP constable in Vegreville earlier this year and the unfortunate shooting in northern British Columbia. Can the Solicitor General indicate if the government has given any consideration to amendments to the Mental Health Act to ensure that some of these people who are potentially dangerous may be able to receive treatment more readily than they are at this time?

DR. REID: Mr. Speaker, I'll refer that to the Minister of Social Services and Community Health.

DR. WEBBER: Mr. Speaker, the Drewry report of about a year and a half ago, if my memory serves me correctly, made recommendations with respect to the Mental Health Act. There is an interdepartmental committee between Hospitals and Medical Care and Social Services and Community Health that is reviewing those recommendations. Also, we have a provincial advisory committee on mental health that is reviewing those recommendations as well. I believe that's all I could indicate at this time.

DR. BUCK: Mr. Speaker, to the hon. minister. I know this is a very, very difficult area: we have to make sure that people's rights are protected, and at the same time we have to make sure that some of these potentially dangerous people can receive help and also protect the law enforcement officers. Can the minister indicate, because of the Vegreville incident, when the report and some action coming out of that report can be expected to be put into place?

DR. WEBBER: Mr. Speaker, it's difficult to say when we would be looking toward amendments to the legislation.

The hon. member indicates the difficult situation there is between protecting the public and protecting the rights of individuals. I would hope that at the first opportunity, in about a year from now, we'd be able to look at the possibility of bringing amendments into the House.

DR. BUCK: Mr. Speaker, a question to the hon. Solicitor General. Has the hon. minister or members of his department had an opportunity to meet with senior officers of the RCMP and city police chiefs to discuss the situation that arose in Vegreville to make sure that all precautions were taken on the part of the police in light of the fact that this man had a long history of mental illness?

DR. REID: Mr. Speaker, my understanding is that the RCMP have completed or will shortly complete an internal investigation into the procedures followed in Vegreville. I should point out that the constable who was killed was wearing protective clothing.

Rehabilitation Society of Calgary

MR. GURNETT: Mr. Speaker, my question is for the Minister of Social Services and Community Health. I wonder if the minister could outline the progress that his officials have been able to make to prevent the Rehabilitation Society of Calgary from having to either reduce or eliminate parts of programs due to funding difficulties.

DR. WEBBER: Mr. Speaker, I really appreciate the Member for Spirit River-Fairview looking after the concerns of Calgarians.

MR. MARTIN: Somebody has to.

DR. WEBBER: However, I'd be happy to sit down with the member and give him all kinds of details of the long-standing efforts of that particular organization to obtain provincial funding on a basis different from that on which other organizations in this province receive provincial funding. We have indicated to them on a number of occasions that we would be happy to provide funding on the basis of 75/25 in regard to capital costs for expansion and are working currently with that organization in Calgary as best we can to see what can be done. We've also made suggestions that they approach the city of Calgary to see whether the city of Calgary would be prepared to donate some land. We've also indicated that they may want to sell some of their current property to help them make a contribution toward the 25 percent share, which would help them in that regard. However, as long as they maintain the position that they're not prepared to put any money into it and expect 100 percent funding on the part of the province, we find that unacceptable.

MR. GURNETT: A supplementary question to the minister, Mr. Speaker. Has the minister had his department undertake any study that would show how much money the society saves the department in social allowance payments that would have to be paid out to the society's clientele if they weren't in the programs of the Rehabilitation Society and then obtaining jobs through the programs?

DR. WEBBER: Yes, Mr. Speaker, we have had those claims assessed very carefully, and the assessment shows there is no basis to that argument.

Pacific Western Airlines

MR. ALGER: Mr. Speaker, inasmuch as you've acknowledged the Member for Highwood for a question, I wonder if I could ask the Minister of Transportation why the continual increases in PWA fares are taking place? We seem to have an increase every week. I can't understand it. It isn't quite that bad, but it really is getting rough. Could you answer that?

MR. M. MOORE: Mr. Speaker, I can only surmise it's because we don't have enough Air Canada flights between Edmonton and Calgary. The fact of the matter is that we have no responsibility for regulating the fares of Pacific Western Airlines, and the hon. member's question would be best addressed to executives of that company.

ORDERS OF THE DAY

MR. SPEAKER: I haven't had the usual request to revert, so I haven't said anything. I assume all the members are content.

head: COMMITTEE OF SUPPLY

[Mr. Purdy in the Chair]

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

Department of Energy and Natural Resources

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

MR. ZAOZIRNY: Thank you very much, Mr. Chairman. I would like to make some remarks, and following that, I believe my colleague the Associate Minister of Public Lands and Wildlife also has some introductory remarks.

Mr. Chairman, I don't always rise to make opening remarks when presenting estimates, but frankly, given the very significant events of the last month or so on the energy side, I think I would be somewhat remiss on this occasion if I failed to do so. I trust that those hardworking officials on the natural resources side of the portfolio, particularly the forestry side, will forgive me if on this occasion I focus on oil and natural gas. I think and trust they will understand my reasons for doing so.

Mr. Chairman, on the forestry side, I would simply say that our hardworking officials are continuing the outstanding service to Albertans that we have become accustomed to: working in the public interest, working with our industry, and working to preserve and see the orderly development of that wonderful resource we have in our Alberta forests, a resource and an industry that provides tens of thousands of jobs to Albertans, particularly in some of the smaller communities and rural areas of Alberta.

Mr. Chairman, when assessing the new energy understanding of March 28, of course, the first question that arises is: what is that understanding all about and what does it represent? I would submit that it represents more than only the economics that are attached to it, notwith-

standing that those economics are very significant. Those have been spoken to and commented on by industry spokesman. As we know, the assessment and the consensus are very positive, and that has been reflected in the stock market and elsewhere.

Mr. Chairman, the importance of the energy understanding really goes beyond those straight economics and even beyond having been able to say goodbye to what we have referred to as the alphabet soup of the NEP. I don't think anyone's going to miss the COOP, the SOOP, or the NORP. As a matter of fact, it should be recorded that at one juncture, when we were negotiating with Jean Chretien in 1983, he wanted to introduce SNORP. We were going to have the SNORP oil price — the special new oil reference price — at which juncture our negotiating team said that we simply refused to impose SNORP upon Albertans. We won't have SNORP, we won't have COOP, we won't have SOOP, and we won't have NORP. We won't have the incremental oil revenue tax. We won't have the natural gas and gas liquids tax. We won't have the Canadian ownership special charge. We won't have the export tax on oil. We won't have an export tax on natural gas, which is still currently on the books. Of course, most importantly, we won't have the PGRT. I don't think anyone in this Assembly or elsewhere in this province is going to miss them.

Mr. Chairman, when one assesses the new energy understanding, I think one recognizes very quickly that what it really represents is the end of the NEP. To truly understand the significance of the accord, one has to delve some years into the energy history of this province and this country, back to that very sad day, October 28, 1980, when a federal government, through a budget process, unilaterally imposed the so-called national energy program on Canadians, on western Canada, and on Alberta. They, of course, did so with the support of their bedmates and soul mates, the NDP. That was a sad day for Alberta. Two days later our Premier responded on television, as he had to respond, and indicated that in the absence of changes to the unilaterally imposed NEP, Alberta would have to take a most drastic measure: we would have to turn down the taps. I know that statement was made with great sadness, but it had to be made. In fact, on March 1, 1981, we did turn down the taps. We did so with great regret but with the conviction that it was the right step to take and had to be taken.

Thereafter, Mr. Chairman, we saw some significant shift away from the NEP in the energy agreement of September 1981, when we saw the first significant moving back of the NEP, when the federal government was brought to the negotiating table and they agreed to a significantly improved pricing regime for our oil and natural gas and, very importantly, agreed that there would be no tax on natural gas exports. Just think, Mr. Chairman and members of the Assembly, how significant those moves have proven to be in the last number of years. Following that, we've seen other amendments, most notably the June 30, 1983, amending agreement where the federal government agreed that the natural gas and gas liquids tax would be reduced to zero and agreed to price more of our oil at the world price.

Mr. Chairman, that's really the history of this entire process. It's been a constant pushing back of the imposed natural energy program, and of course it culminated on March 28, 1985, with the signing of the new energy understanding. Underlying and within that agreement, I think there are five important principles that have to be recognized and acknowledged, because they are, in fact, almost more important than the economic implications of the new energy

understanding. They're very straightforward but very significant and were very hard won.

First, of course, is the recognition that a healthy energy industry in Alberta, in western Canada, or elsewhere in this country is good for all of Canada. For all too long, I think there was very much a failure, certainly on the part of the federal government, to recognize the reality that when they're drilling wells in British Columbia, Saskatchewan, or Alberta, that means we're buying pipe from Ontario and we're buying trucks and manufactured goods. A healthy energy industry in Alberta and elsewhere in Canada is truly good for the whole country, and that's been recognized in the new energy understanding.

Secondly, it strikes one as a rather simple matter, but it certainly hasn't been simple in the application in Canada in the last four or five years: the recognition that the only way in which a Canadian energy policy can be formulated properly is through consultation and co-operation with both the producing provinces as the owner of the resource and the industry. We tried it the other way; it didn't work very well, Mr. Chairman. Canada simply can't afford any more of the confrontational approach that was so much part and parcel of the NEP and of the former federal Liberal government.

Thirdly, Mr. Chairman, it's a simple premise, but we haven't seen it since 1973: fair value for our resources. For the first time since 1973 the owners of the resource; of the oil and gas in Alberta and throughout Canada, are going to receive fair market value. That's all we've ever asked for. We don't ask for artificially high prices above and beyond the marketplace, just fair value, and that's part and parcel of the new energy understanding.

Fourthly, the principle that there cannot be discrimination amongst the regions of the country when it comes to federal energy incentives, particularly of a grant nature. What that means, of course, is the end of PIP, the petroleum incentives program, so that we will no more have a situation where you get 80 cents on the dollar if you drill somewhere off the Greenland ice cap, but if you drill in Saskatchewan or Alberta, you only receive a much smaller incentive to drill. There had to be an end to that type of very discriminatory and divisive approach to Canadian energy development, and that was agreed to by the federal government in the new energy accord.

Finally and fundamentally, the federal government has accepted the principle that our energy industry in Canada is now going to be treated in the same fashion as every other industry in this country. You tax them on their profits and not on their revenues. The PGRT is going to go. Mr. Chairman, I think that when we assess the importance of the new western energy accord and as it's reflected upon in the years ahead, those five basic, simple principles will stand out as being absolutely crucial ingredients in that new understanding.

A couple of words about how the new energy understanding came about. Mr. Chairman, I don't know that we would have in Canada today a new energy agreement, a new western accord, if we hadn't had the combined support of the energy industry, the producing provinces, and the very hard work and industry of our own officials here in Alberta and in the other jurisdictions. I know one thing; we certainly wouldn't have had a new energy accord if we didn't have a new federal government in Ottawa. Our Members of Parliament did yeoman service in putting forward the views of western Canada and Alberta. It was a combined effort. It really started and ended with a determined

opposition to the NEP by the Alberta government, very much led by our Premier. So it was in the truest sense of the word a team effort with the industry, the producing provinces, our western MPs, and our own hardworking civil servants combining for a very happy result.

What does it mean? First and foremost, I think it sends a very powerful signal to investors both here in Canada and abroad. It says that Alberta and Canada are truly very much open for business again. It says that Alberta is once again a good place to drill, explore, and develop oil and natural gas. Clearly, I believe it means continued expansion of our conventional oil and natural gas industry, of enhanced oil recovery projects, and of heavy oil and oil sands developments. That really says a lot, Mr. Chairman.

Notwithstanding the shackles of the NEP, when you compare the statistics of 1984 to those of 1983, they really are most impressive. In 1984 we saw our land sales move up some 45 percent from the 1983 level. We saw a rig utilization rate in the winter drilling season of over 80 percent. We saw our conventional oil drilling activity at the highest level in the history of this province. There were more conventional oil wells drilled in Alberta in 1984 than ever before. That's a most satisfying and impressive statistic.

On the natural gas side in the first quarter of 1985, we've seen a very important upturn in our level of natural gas drilling activity. Frankly, the 1984 results were far less than what we wanted them to be, but now that we have a new natural gas export policy, I suppose we're seeing the rather obvious result when the explorer or the developer says: "By gosh, we're starting to sell the stuff. Maybe we'd better get out there and look for some more." That's what's happening. Our gas well completions are up significantly in the first quarter of 1985.

As well, in 1984 we saw some 33 enhanced oil recovery projects moving ahead in this province involving over \$700 million in investments. On the in situ oil sands we've seen a marvellous array of new projects coming on stream from Wolf Lake to Cold Lake, Elk Point, the Lindbergh project, and very significantly of course, the Peace River project. When you add up the numbers, Mr. Chairman, it totals in excess of \$1 billion that is now being expended right here in Alberta to see those projects move ahead. If you add to that the \$1.5 billion Syncrude expansion project and on top of all that the \$3.2 billion Husky project — and all of this is going full steam ahead right now — you just can't but feel good about the energy circumstances in this province. You can't help feeling that the new energy accord is going to be a very powerful instrument in maintaining and accelerating that development.

In conclusion, Mr. Chairman, I think it leads one to feel very strongly about the future of this province. Frankly, I'm more convinced than ever. I think that Albertans are starting to feel very good about the energy future of Alberta. There's a consensus emerging out there. You can feel it when you walk down the streets of almost every community in Alberta today. People are feeling more and more optimistic about the energy future of this province. They're feeling optimistic about the job opportunities they know are coming and are arriving on a daily basis. They're feeling very good about the prospects for jobs, not only for themselves but in the years ahead, for their children. I think it's fair to say that Albertans are saying more and more that the future for this province is a very bright and exciting one, and they're saying, "Let's get on with the job of building it." Mr. Chairman, that's exactly what they're doing.

Thank you.

DR. BUCK: Mr. Chairman, may I ask the indulgence of the committee to revert to introduction of visitors?

HON. MEMBERS: Agreed.

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

DR. BUCK: Mr. Chairman, it's my privilege and pleasure this afternoon to speak on behalf of the member of this Assembly who cannot speak for his constituents. That's the Speaker of the Assembly, the hon. MLA for Edmonton Meadowlark. He has visitors today, 40 grade 6 students from Our Lady of Victories school. They are accompanied by their teachers Mrs. Linda Luczak and Mrs. Kathy Briner. They are seated in the members' gallery, and I'd like them to rise and receive the recognition of the Assembly.

head: **COMMITTEE OF SUPPLY**

**Department of
Energy and Natural Resources**
(*continued*)

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

MR. SPARROW: Yes, Mr. Chairman. I'd like to take this opportunity to congratulate my colleague the Minister of Energy and Natural Resources for a job well done in obtaining that new accord. We're all going to gain from that accord. After what he's accomplished, my department looks very small when you talk about \$68 million.

Mr. Chairman, I'd like to take this opportunity to commend my staff, particularly my deputy minister, Mr. Fred McDougall, for his efforts over the last three years. The budget for my votes is basically the same dollar level as it was in '84-85, '83-84, and '82-83. This includes the absorption of inflation, in excess of \$10 million, about 15 percent over the last three years. Our budget has gone from \$68.6 million to \$67.4 million, a 1.7 percent decrease over those three years.

Again this year there is an overall reduction in staff of 2 percent, as it was last year and 1 percent the year before, for a total 5 percent reduction over three years. This has been accomplished strictly through attrition. Within the spirit of this restraint we have been able to introduce significant new programs and expand service to the public through reorganizing to improve the effectiveness of our programs and shifting funds to needed programs. Mr. Chairman, I look forward to the discussion of the estimates.

MR. GOGO: Mr. Chairman, I want to ask some specific questions of the Minister of Energy and Natural Resources as well as the associate minister. With regard to oil and gas, I wonder if the minister could provide some information on royalties and so on. It's well known that Alberta, as a result of getting its ownership of natural resources in 1930 through the strong efforts of the people of the territorial government at that time that formed the provincial government — some 85 percent of those resources belong to the people of Alberta whereas in Saskatchewan only 15 percent, probably as a result of those people at the federal level giving away that portion in Saskatchewan to the private sector. So

we ended up with ownership, I believe, of about 85 percent of the oil and mineral rights in the province.

I see that in 1962 when oil was \$2.25 a barrel royalties were from 8 to 16 percent, with a flat 12 percent for synthetic crude. That would have been under the previous administration. Then in '72 a royalty of 25 percent was brought in by this administration, changing in '74 to a maximum of 45 percent. Of course 1975, the year I came here, was the birth of Petro-Canada, and strange things have happened since then. Mr. Chairman, my knowledge really starts then. History tells me what happened back in the '60s, but my personal knowledge since my arrival in 1975 was really the birth of Petro-Canada, and heaven only knows, we've been through enough problems starting then.

Mr. Chairman, I'd specifically like to ask the minister what the royalty rate is now. I'm led to believe that on oil, for example, it is 23 percent and on natural gas 19 percent. I read all kinds of figures. I'd like to know because, obviously, it provides the bulk of the \$10 billion which this government is planning to spend this year. So there is certainly a degree of vulnerability. I'd like to know what Albertans, as owners of the resource, are receiving for that: two bits on the dollar approximately, and so on. I'm sure the committee would find that very helpful, Mr. Chairman.

A question to the associate minister is with regard to the Eastern Slopes policy. In '77 public hearings were held. A policy on the Eastern Slopes was formulated. In some people's views, it almost carved in stone what they could or could not be used for. That was as a result of conversations this year and meetings I've attended with the minister. There's all kinds of controversy: "Hey, that wasn't right at all." I know a certain committee of 15 exists, representing all interests and chaired, I think, by the Member for Olds-Didsbury. When changes were proposed, I understand there was unanimous agreement that those changes weren't objected to by anybody. They weren't policy changes. Yet all of a sudden in Lethbridge West I get dumped on by Fish & Game at their recent convention that government arbitrarily is changing the ground rules.

Mr. Chairman, following the minister of energy, perhaps the associate minister could comment on those. Thank you.

MRS. CRIPPS: I just want to make a few comments. First, I'd like to congratulate the minister on a job well done in the energy negotiations. I know it was very difficult and a lot of effort went into reaching an agreement. So on behalf of the constituents of Drayton Valley, I just want to say that we're pleased to have an agreement. We're pleased to have a future that we know is stable and has some sense of direction to it. I can't overemphasize the importance of that agreement to my constituency.

One of the areas I want to comment on, not related to the agreement, is the importance of tertiary recovery in the conventional fields. I know the minister recognizes that we get only 30 percent of the known reserves, so the development of economic tertiary recovery methods would greatly improve the supply outlook and the long-term viability of such fields as West Pembina. For communities sitting on the edge of those conventional fields where 60 or 70 percent of the oil is trapped, it is a concern that we really do take a look at tertiary recovery as a mechanism for long-term continuation of those fields.

I also want to mention the importance that should be attached to renewable resources. From my involvement in the forestry committee, I've come to recognize the vast potential of that industry. I know the town of Drayton

Valley has waited anxiously for the development of the Brazeau timber development area. I agree that it's incumbent on us to ensure maximum utilization, good husbandry, environmental responsibility, and diversification where possible. I want to applaud the department for their extensive reforestation program. Quite frankly, Mr. Minister, I'm confident that we have the best reforestation program in Canada. I'm proud of it, and I think we should be saying "Hurray!" and telling people that we do have the best reforestation program in Canada.

I want to go back to the hon. Leader of the Opposition's questions this afternoon, because the industry and the ERCB have developed a lot of response mechanisms. I know they have developed response teams for blowout possibilities. I'm sure or at least I hope they have provided that information to the minister in the preliminary small report, because the industry has been working extensively to try to develop their own responsiveness to such tragedies. Hopefully they won't have to use it, but I do know it's in place.

The other area doesn't deal directly with the minister of energy's department but with workers' compensation. It deals again with the blowout problems, and I hope that's an area the ERCB would look at in relation to whose responsibility it is to pay the costs. Right now workers' compensation costs are charged against the oil well service industry. They have absolutely no say on who the company brings in to cap the blowout. Quite often they're from another country, yet the workers' compensation charges are charged against our own oil well service industry. While I know it's not a direct responsibility of yours, Mr. Minister, it is a major concern of the service industry because of the increased costs they incur should one of these blowouts happen. For instance, the death of one of the members at Lodgepole was charged to the oil well service industry, and it had no relation whatsoever to the Alberta-based service industry. I believe it's a problem we should all be looking at, not only on workers' compensation but in Energy and Natural Resources and certainly the ERCB, and that's the reason I raise it in your estimates.

I'd just like to say again how pleased the Drayton Valley constituency was with the energy agreement. We hope the three-year phaseout of the PGRT will pass rather quickly, and we look forward to a vibrant and viable industry over the next few years.

DR. BUCK: Mr. Chairman, I'd like to make one or two comments on the minister's estimates. First of all, the hon. minister indicated that had there not been a change of government in Ottawa, there probably would have been only a small chance of reaching an energy agreement. I agree with the minister. But I guess that also proves that all governments should be changed periodically, Mr. Minister. Possibly the people in Alberta are starting to say some of those things. I don't know if it will happen, but I think the system works a lot better when we clean house about every eight or 12 years.

Mr. Chairman, I want to make one or two points, and I'm glad the Provincial Treasurer is here. The minister spoke about some of the reforestation programs. In the downturn we've had in our economy, I think there is a time for government to do some imaginative things to provide employment for our young people. The reforestation program the hon. minister talked about is an excellent program, but I think it should be enhanced even more. I think we have young people who would be more than willing to work on

reforestation for \$4 an hour. It would provide a lot of employment for young people. If it has to be done with a shovel, so be it. There are areas where you can do mechanical planting, but you have to do it by hand in a lot of areas. It would be a great opportunity for these young people to have summer jobs.

The Provincial Treasurer can speak to his colleague the Minister of Transportation. I think we can do even more work on provincial highway campsites to clear them out and do some of the things that I don't think our regular department of highways people should be doing. We can get young people to do that. Sure, some of them are sort of make-work programs, but at a time like this I think it would be money well spent.

I would like to say to the minister of energy that we Albertans are all pleased to see that the national energy policy is a thing of the past. The government of the day in Ottawa at that time did not seem to understand the difference between taking taxes before you really earned them — that's basically what happened. Of course, we saw the results of that policy.

I would also like to know, from the discussions the minister had, and I asked this question in the Assembly: what year are we as Canadians looking at for energy self-sufficiency? With that, Mr. Chairman, does that mean we will need two more open-pit mines in Fort McMurray? Will it mean that we put one on every half-decade or every decade? Also, out of the sands that have already been mined, what percentage are we mining, and what do we look at in going back and reminding those with the in situ type of mining?

I have two concerns. Number one, how much more can we open-pit mine as far as the mechanical aspect of it? Also, how many more sulphur compounds can we pump into the air before we make Saskatchewan and Manitoba barren? I've asked that question in this Assembly before. The Minister of the Environment didn't seem to have answers, but I think it's a question that we as human beings have to address. We can't keep pumping that many more tons of sulphur products into the air without causing some problems downstream.

I know we Canadians are great for saying we have an acid rain problem and blaming the Americans. But the former Minister of the Environment the hon. Jack Cookson said a little bit of acid is good for the soil. Well, this is true; a little bit of sulphur is good for the soil. But how much is too much? Are we looking at possibly ruining Saskatchewan 20, 50, or 100 years down the road when that soil will be nonproductive? I think we have to look a little further down the road than just the five-year, 10-year, and 25-year periods.

I would like to leave those few thoughts with the minister. As an Albertan and a Canadian, I am pleased that the national energy policy has been scrapped. I think it was overdue, and Alberta can now start getting back on track. I'm confident that it is back on track now. Fortunately, we will not have the gigantic escalation in development we had before. I think that was just too rapid. I guess we politicians were a bit to blame for that too, because I know the Minister of Labour the hon. Bert Hohol at one time as much as said, "We need you people from outside, because we're short of skilled craftsmen in this province." It wasn't a blanket invitation to come running in en masse, but that was the net result of what really happened. If we have progress that's not on a boom cycle, I think that's probably the best situation for Albertans.

As a resident of the Elk Point-Lindbergh-Heinsburg area — that's where I grew up, Mr. Minister — I would like to say that that area is certainly more than pleased to see the development in that country. But, of course, with every development come some problems. Our quality of life possibly suffers a little bit. On the other hand, maybe some of the advantages outweigh some of the disadvantages. So I would like to say to the minister that I'm looking forward to voting on his estimates and passing them.

Even though we talk about diversification, we have to look at the realities of what makes this province go, and it's oil and natural gas. I would like to relate to the minister that I remember the first year I was in caucus as a member of the Social Credit government, at the time when natural gas was really just starting to be a factor in the economy of this province. The premier at that time, the Hon. E. C. Manning, said, "Oil is great, but our future lies with natural gas." I would like the minister to possibly enlarge upon what he sees in the future as to the relationship between oil, be it tar sands oil or conventional oil, and natural gas.

I would also like to say to the minister when he's doing that that I'm a little concerned. When we were in government we had this — they called it the 30-year rolling reserve. That has been cut back. I'd like to know what the government's policy is, because 25 years is really a short period of time. I would hate to think that we're going to sell all our natural gas and my grandchildren will have to go back to using kindling and coal. I would like the minister to reassure me that that will never be a problem in the next 100 years.

Thank you, Mr. Chairman.

MR. MARTIN: Mr. Chairman, I have a number of areas I'd like to go into with some very specific questions to the minister. As I mentioned before, I too have been out on the reforestation project at Smoky River with the heritage trust fund committee. I think it's an excellent program. I said that at the time. When I go to our sister province B.C., where I'm told some people are predicting they have only 10 years left in terms of the forest on Vancouver Island, and it will take another 70 or 80 — that's one area where I think we've done a much better job. Perhaps we've learned from the province.

I'd like to go into a number of areas to try to get some updates, if I may, from the minister. One of them has to do with — I know it's speculation, but it's important speculation — the world oil price and what is happening there. I noticed today in the news that OPEC is complaining bitterly about the U.S.S.R. and Britain. They say they're out to break OPEC, trying to put downward pressure, if you like, on the price of oil. I heard through the grapevine that the Premier and, I'm sure, the minister of energy feel that it could drop. What I want at this point is an estimate, because it would have a very big basis in what we're talking about. I know it's a guess, and energy people say it's a guess, but what is the minister's best estimate of what's going to happen, say, in the next year with the price of oil? How might that indirectly affect Alberta? When I talk to people in the industry, Mr. Chairman, their concern is a rapid drop in the price of oil. Of course, that would also have some impact on the agreement just signed, the western accord.

If I may, let me go from there into the whole royalty area with the minister. It is my understanding that the minister is involved in this process now. I believe the minister said that somewhere towards the end of July, hopefully, a new royalty system would be set up. Let me

just go into some of the areas, because I would like some insight from the minister.

On April 19 the minister was at the annual dinner of the CPA, I believe, and basically told them that the circumstances — if I'm not quoting him right, I'm sure he will come back on it — of the small, independent Canadian producers were pretty healthy and that there was no need for any kind of special break for the smaller sector as a result of the energy accord. I believe I'm quoting him right. If I'm not, I'm sure the minister will take the opportunity to fill us in on that.

Where I have some concerns, at least from when we've talked to people in the industry, is in oil decontrol. It's my understanding that in some cases there would be a possible approximate decline in the value of new production of \$3 to \$4 a barrel. I made this point before. Certainly the old oil is going to be a rapid increase of 300 percent. It seems to me that the bulk of what we call NORP oil is by the small Canadian group. At least they have a lot of it, and they're the ones with the cash flow problems. Perhaps the minister can tell us why he thinks they are pretty healthy and indicate why he would reject out of hand special support for the small Canadian sector to make sure they keep exploring. I think the minister would agree that they've done the bulk of the exploring and perhaps, even if we had to tax old oil more, to put more into NORP. I am curious as to why we would reject that out of hand and how the minister comes to that assessment. The other question I have, Mr. Chairman, has to do with the dual pricing mechanism. Following along from what I'm saying, has the minister completely rejected the option of a dual pricing system for NORP and old oil? Why would he reject that?

The other area I would like to go into — there's a great deal of confusion when we try to figure this out, and it is, of course, one of the things the industry, especially the small companies, complains a lot about. It's very complicated to figure out what the royalty rates are. I'm sure the minister has heard that from people from time to time. Could he tell the Assembly what the average royalty rates are now for old oil, new oil, and gas? I know it would be a ballpark figure, and I know it's not an easy thing. But surely we have a rough idea, and that's all I'm asking. The white paper, I believe on page 57, says average net royalty rates after incentive and other programs are something like 24 percent for oil and 19 percent for gas. But if the incentive programs aren't counted in, various public estimates — and I admit it may not be accurate, but we've heard this — are 36 percent for oil and 34 percent for gas. Could the minister indicate if those are rough ballpark figures?

The other thing we've talked about, which I'm sure the minister is looking at, is the Saskatchewan experience of dealing with one royalty but based on a system of royalty holidays until well payout. Mr. Chairman, it seems to us at least, and we've talked to many people in the industry, that this makes a great deal of sense, because it's based on success. You don't have to pay until after the well is drilled. Many of the smaller companies at least are saying to us that this would be a good system and that they like what's been done in Saskatchewan. I think I asked the minister this and he said they were looking at it. Could the minister update us on that?

I know there's been pressure in terms of the royalty rates from the industry. But when I look at provincial expenditures — perhaps we can shift them around a bit — they have increased from a little over \$7 billion in 1980-

81 to a little over \$10 billion in '85-86. I look at our nonrenewable resource revenue, and it has dropped from \$4.8 billion in '80-81 to \$4.5 billion in '85-86. Of course, those are before the trust fund appropriations. According to the petroleum monitoring survey, Mr. Chairman, Alberta's share of petroleum revenue dropped from 43 percent in 1980 to 30.5 percent in 1983. I guess I'm making the case to the minister that we can't afford — with our expenses going up and it coming down. I know the minister hasn't said there would be a lessening, but I make the case strongly here that I don't think we can afford it. I'm making the case that perhaps we can make a shift within those royalties.

[Mr. Appleby in the Chair]

Mr. Chairman, I'm curious about the objective mechanism. We've criticized it from time to time, and that's why I like the well payout. There were no performance guarantees. The minister says that's not the way we do business, but surely we want bang for the buck. In other words, when we give an incentive or subsidy or whatever we want to call it, we want to maximize returns to Albertans in terms of jobs and the rest of it. I know the minister has rejected performance guarantees in the past. The question flowing from that is: what objective mechanism does the minister use to assess the effects of royalty incentive systems so we can determine where we can go in the future? I think that's a rather important area. It has to do with the whole idea of how much you balance here, what's going to encourage drilling, and what's going to maximize returns here. How do we go about doing that, Mr. Chairman?

Following from that is the APIP plan. According to the last report put out in January '85 in public accounts, there was over \$1.3 billion paid out, with \$677 million in the fiscal year 1983. Could the minister update us on the future of that or what's going to happen when it runs out?

I'd like to come back and forth on this, because there are a number of other areas, but perhaps it gets a little disjointed. I'll allow the minister to answer those questions, and then I'll come back with another area.

DR. CARTER: Mr. Chairman, my comments and questions to the minister relate to matters of energy indeed, but the first question is this: in his discussions with his provincial counterparts and the federal minister, has there ever been any significant shift in terms of what the definition of "energy" really is? Can we get Ottawa in particular off thinking of energy as not including hydro? Is there any kind of movement there for some kind of equity understanding across this country so that those provinces such as Ontario, Quebec, and to some degree Manitoba, which have the use of hydro, don't keep regarding the provinces of Saskatchewan, Alberta, and British Columbia, with oil and natural gas, as being some kind of villains in the piece and the whole scenario with regard to the issue of energy per se? I wonder if the minister could comment along that line, because it seems to me that an awful lot of additional concessions have been given for the production and export of hydro to other parts of the country but in particular to the eastern United States.

With respect to the technology involved in oil and gas production, the drilling, and the matter of pipeline construction, Alberta producers and those involved in all aspects of those areas really have world-class expertise. I wonder if the minister might comment with respect to the marketing of that technology offshore and how he and members of

his department plug in with our minister of overseas economic development in terms of pushing the salability of that kind of expertise, not simply the technology, the physical plant, but also the engineering technology in all aspects of energy production.

That, of course, leads to another question as to whether or not, in trying to sell technology offshore, the minister believes that the whole financing business in western Canada, especially the banking structure, is starting to show sufficient flexibility in trying to put together packages of financing and consortiums to be able to deal in offshore marketing of the energy expertise technology that we have. I think a number of people are very concerned that in terms of the financing aspects of those overseas deals, in actual fact too many of the decisions are still being made in Ontario, having to check back to Toronto or Montreal, and therefore time is lost, money is lost, and decisions may well not be truly responsive to market conditions.

Another area I am certain the minister would comment on is the petrochemical industry, the difficulties which are inherent simply because the location of our fine petrochemical complex in Alberta is not on tidewater, and the difficulties involved with being in competition worldwide with the world-class facilities located in the Middle East or the other facility on the gulf coast of the United States. Given the whole thrust of the worldwide slump in the demand for petrochemicals, does the minister see any kind of short-term/long-term projections as to how the recovery might indeed take place with respect to petrochemicals, as vital an industry as this is to us?

From time to time one hears comments with respect to the liquid natural gas project on the west coast. Perhaps the Assembly could have an update on that issue vis-à-vis the financing from the Japanese side of the consortium. One could see that if the project were indeed to take place, once a decision was made, obviously there would be the matter of the time line of construction and the construction of a pipeline. How does that inter-relate with both Alberta and British Columbia being able to move more natural gas toward the world market, especially that important area, the Pacific Rim?

I understand that with the movement of more natural gas from Alberta into the United States markets fairly recently, some natural gas producers in the United States are starting to get a little antsy and nervous. They like to believe in free trade and private industry and all the rest of it, but ... I wonder if the minister has some up-to-date information with respect to the natural gas producers in the southern United States in particular, as to whether or not they are indeed trying to launch a full-scale lobby in Washington to try to block us now that we've been able to get some more of our natural gas product moving into the United States.

One of the other areas with respect to natural gas, of course, is the matter of seeking natural gas off Sable Island off Nova Scotia. I understand that fairly recently there was some more movement in that area, and I wonder if the minister would be good enough to give us an update on that as well.

Two other items, Mr. Chairman. The first is with regard to the marketing of natural gas, in particular in eastern Canada, with a special focus on southern Ontario and the Montreal-Quebec City areas. What kind of progress is being made in terms of trying to encourage more homeowners to convert from burning oil to natural gas? Have additional incentives been put forth in discussions with the federal

government and the provincial governments in those areas about trying to convert more Canadian residences to the burning of natural gas? Of course, it has certain ramifications with regard to the importation of oil from other parts of the world, as well as the whole impact about trying to move more of the abundance of natural gas that we indeed have.

Mr. Chairman, the final question I have to the minister is with respect to oil refinery rationalization. Throughout Canada there seems to be a considerable number of oil refineries which have been mothballed or sold off and dismantled. I wonder if the minister would be good enough to comment on that. Does Canada indeed have sufficient oil refinery and gasoline refinery capacity? In that regard perhaps he might comment as to whether or not oil from Mexico, which has that heavy sulphur content which made for a serious technological re-evaluation and adjustment within some of those refineries in eastern Canada, is still coming in.

Thank you, Mr. Chairman.

MR. GURNETT: Mr. Chairman, I'd like to leave just a few questions with the two ministers and have some response. They deal basically with areas in the estimates where I see significant reductions in moneys that are going to be spent during the year. It's not that I do not want to see money saved where it can be, but the particular areas all seem to be in cases where we're looking at things that don't necessarily have the same kind of immediate economic benefits that the oil and gas industry has. I wonder why the decisions have been made and what they're based on. One of those is in connection with the coal research office, which has almost a 30 percent reduction in its estimates for the coming year. I wonder whether the fact that considerably less funds will be made available to that office is an indication that we're concluding there's less future and less is going to be done to look at how to make the best possible use of that resource for this province and for the people of the country, or whether there's some other reason why the budget for coal research is reduced.

My other questions would go to the associate minister for lands and wildlife. They relate to some situations with both forestry and wildlife. In the forest resources management estimates, I note that the estimates for genetics and tree improvement see really no change. In fact, Mr. Chairman, as the associate minister pointed out, that budget sees basically no change. There is no particular change in money that will be spent in that area, genetics and tree improvement, nor overall in the whole area of forest research. Granted that it's been acknowledged that we're doing a lot here and maybe more than many other areas of this country are doing, it's still important to recognize that the Economic Council of Canada, for example, has indicated that Alberta has probably the greatest potential in forestry of any province in Canada to develop.

Especially in areas that involve this kind of research, like tree improvement, I wonder whether there was investigation of the benefits of working in an area like this, which doesn't necessarily have an immediate payoff but could have a significant economic impact in the long run, or whether we are just continuing programs that are basically in place because we already have a reasonable return and we can use the available resource rather than look at the improvement and development of that resource so that it becomes that much better and its potential is realized more fully down the road. I'm glad to see there's no reduction

in those areas, but I wonder what consideration was given to Alberta investing the kind of money to become a real leader in this area of developing the particular forest potential of the north, which is different, for example, from the potential in some of the more southerly forests, where a lot of this kind of research and genetic experimentation has been done.

In the vote for fish and wildlife conservation, Mr. Chairman, I'm interested in hearing from the associate minister about the decision to eliminate the budgets for wildlife and fisheries habitat management. There was some modest but useful amount of money dedicated there in the past, and I see that both of those areas will have no money dedicated to them in the year ahead. I'm wondering what kind of impact it's going to have on the wildlife resources of this province if those two management areas are completely eliminated as far as funding. There's also a significant cut in the already modest amount that was budgeted for biological services under fisheries management — a 28 percent reduction in the budget for that department.

As I said, these seem like areas that, while they don't have an immediate economic impact in the same way that our oil and gas industry does on the province, certainly have a long-term role to play. I'm particularly concerned, of course, because so often decisions are made about forestry and wildlife management without our really knowing the long-term and wide-scale impact of some of these things. Our understandings of ecosystems and the impact on one area of something being done in another area is still so incomplete that I think these areas deserve real expenditures. I would be interested in the associate minister's comments on why we see the change in those particular areas.

Thank you, Mr. Chairman.

MR. CHAIRMAN: Are there any further questions or comments? If not, perhaps the minister wishes to respond now.

MR. ZAOZIRNY: Thank you, Mr. Chairman. I'll try to respond as best I can, both in terms of my ability to speak and my ability to write. We've had a series of very excellent questions and suggestions put forward by various members of the Assembly. There was some modest degree of overlap, and perhaps that will help expedite my response and the availability of time for members' additional questions.

The Member for Lethbridge West asked the first question. He, as well as the hon. Leader of the Opposition, raised the question as to the level of royalties paid in this province. It's a very timely question, given the review of incentives that we're engaging in right now. A simple question doesn't give rise to a simple answer. I don't think there's a more complicated area right now than figuring out the net royalty that, in fact, a producer has to pay. We have a royalty system in the province that is responsive to levels of production and to price as well. Within the system are a number of mechanisms, such as the gas cost allowance and other aspects of the system, which are designed to make it as equitable as possible but which do in fact render it extremely complex. Certainly, it's desirable to have a simpler system, but at the same time we have a system that has been developed over a period of years that, despite its complexity, the industry does understand. We've come to recognize that if you're going to make adjustments and engage in fine-tuning, you have to be very careful that what you adjust over here and seems to be positive doesn't turn out to be negative on the other side of the equation.

Perhaps the best and simplest way to answer the question is in this fashion. If you take a look at the aggregate number of dollars that are received in respect of oil and gas produced in Alberta on an annual basis and compare that to what the province of Alberta receives as the owner of the resource after taking into account our gross royalty rates, various deductions and items such as gas cost allowance, and our various incentive schemes including, very importantly, the royalty tax credit for small producers, that bottom number you end up with is roughly 20 cents on the dollar. That's a very gross approximation, admittedly, and please accept it as just that. In fact, I think both members pointed out that in our white paper we're a little more specific; we talk about 23 and 19 on oil and gas separately. But that is the rough and ready figure.

For myself, and I've said this to the industry, I don't think it's unreasonable that the owner of the resource receives 20 cents on the dollar. I think the owner certainly should, recognizing at all times that you have to have in place a regime that will facilitate the development of the resource. That's why, for example, with our various in situ projects we've brought in a different type of regime that recognizes just how capital intensive these large projects are. We phase in a royalty regime. I think it's appropriate. The test of it, of course, ultimately is: does development occur? We're seeing that in spades in various areas of the province now on the in situ side. So we always have to be cognizant of what's necessary to facilitate the development of the resource while at the same time respecting the proprietary interests and rights of the owner of the resource.

The hon. Member for Drayton Valley raised a number of areas. She spoke about the importance of tertiary recovery, and she's absolutely correct. Many Albertans are perhaps not aware that by conventional techniques we recover only a fraction of the oil that is in the ground. She used the number 30 percent. She and I and members of this Assembly would recognize that, of course, it varies depending upon the pool, because every pool is different. But as a rough and ready figure that's a pretty good one to use. When we apply enhanced oil recovery techniques, we're seeing the opportunity to recover double that amount. As we develop more sophisticated technology, more along the tertiary recovery scheme, we're able to see that number rise and rise so we're able to extract just as much of that valuable resource as we can in a prudent fashion.

It was for that reason that the province initiated our enhanced oil recovery royalty program, what's referred to as the "section 4.2 scheme". The way that program operates is that if a producer and operator brings to us a proposal to undertake an enhanced oil recovery scheme and they can demonstrate to us that if we grant some royalty deferral at the front end, the province, as the trustee for the owner of the resource, will have received more royalties by the end of the program than we would have had we not engaged in the program, and if it meets other technical tests of the Energy Resources Conservation Board, we've said we'll go along with that; we'll proceed with it. We've been just delighted with the take-up of the program. I referred to those numbers: some 33 projects, some \$700 million in investment in the last year or so. It's working well.

There's some exciting work being done by AOSTRA, using carbon dioxide in some flooding techniques. They engaged in one particular project with industry, and it has worked exceedingly well and is now being taken to a commercial level.

The hon. member also spoke about our important forests and forest development. Simply put, this government is

most interested in seeing the prudent development of our forest resource, whether it be by way of sawmill production and capability or by way of the larger development projects. Certainly, we stand ready and willing at all times to work with industry, with proponents of specific projects. Needless to say, we simply won't turn that resource over unless we have some reasonable satisfaction that they are in a position to proceed with those projects. Unfortunately, I suppose there can never be any absolute guarantees on those matters, because world circumstances, prices, and corporate circumstances can change. But we certainly want to satisfy ourselves that at the time we allocate a forest management area to a particular proponent of a project, they are going to be able to proceed and will proceed with that project very early on.

I should also reference the new federal/provincial agreement that was recently signed. It's a \$23 million program that we're working on with the federal government. In fact, it represents the first agreement that this province has been able to negotiate with Ottawa on forestry matters. The emphasis in that program is on the area of reforestation and hardwood research technology and opportunity identification as well. I'll speak a little more to that in responding to the questions from the hon. Member for Spirit River-Fairview.

The hon. member also referenced a question that came up in the House having to do with the Energy Resources Conservation Board and their Lodgepole inquiry. The hon. member is quite correct. At the time of the presentation of its report the board did come up with an interim directive with respect to critical wells. It has been in application since that time. The hon. Leader of the Opposition raised some questions about the final determination in that area. As circumstances unfold, I think they will demonstrate that the Energy Resources Conservation Board will very carefully balance the interests of the public for safety with the industry in terms of the economics of the development of that resource and in that fashion.

The hon. Member for Clover Bar raised a number of areas and made a number of comments. He, too, spoke of more work in the reforestation area. Again, I would highlight in particular not only the excellent work Alberta has undertaken in the last number of years in the reforestation area — I think it's fair, and no exaggeration at all, to say we have the finest reforestation program in the country. It's been recognized in that way. From time to time there have been some rather critical media stories about reforestation in Canada generally. You may have noted, as I did, that in not one of those programs was Alberta ever mentioned as being behind in terms of reforestation. The reason is obvious: we are and continue to be a leader in that area. We can all take some justifiable pride in that circumstance. Of course, we have the Maintaining Our Forests program through the heritage fund allocations. Again, the recent signing of the Canada/Alberta Forest Resource Development Agreement will piggyback that initiative and facilitate continued work in the important area of reforestation.

The hon. member also raised questions to do with energy self-sufficiency and when we will achieve it. That's a question that could be answered in a number of ways. I remember Jean Chrétien, a former federal energy minister, making the comment a couple of years ago that we're energy self-sufficient right now. He made that assertion based upon the technical fact that we were producing more oil than we were consuming. Of course, that slides by the fact that much of that oil, by its nature being heavy oil, is not

consumable in the more conventional uses. So I think that would be a more ambitious statement than I could make to this Assembly. But it raises a very crucial matter; that is, the assurance for Canadians that we will have adequate oil in particular as well as other energy forms in the years ahead.

It seems to me that what's happened in the last year or so is that there's been a growing recognition that you don't achieve oil self-sufficiency by leaving it lying in the ground and adopting a policy that really suppresses economic development of the resource. The way you ensure oil security for Canada is by encouraging the development of the resource. So we encourage the conventional explorers to get out there and make these exciting new finds that have occurred in the last year or so. We encourage the developers to get in there and develop those in situ projects. We encourage the developers to get on with our oil sands development and get on with projects in other parts of Canada as well. The ultimate test, of course, has to be: does it make economic sense? Of course, there's a range of opinion as to when a project is or is not economic. Clearly, the philosophy that has to be part and parcel of energy security for Canada — and I'm referring in particular to the oil side — is encouraging development rather than suppressing it. It's a lesson we've learned rather expensively in the last few years.

The hon. member also spoke of the mining of our oil sands. Right now our Syncrude facility is producing in the order of 160,000 barrels a day. That in and of itself constitutes almost 10 percent of Canada's oil production. That, of course, excludes the Suncor facility. So we are part of a very remarkable achievement at Syncrude.

He asked whether or not one can go back and rework an area with an in situ process and, relatedly, how much more we can mine. I don't make any claims to being an engineer or possessing the kinds of skills that are required on the technical side of the oil and gas industry, but I am aware of the fact that the particular process you use to recover the oil from an oil sands area has to do with the resource itself. It has to do with how much overburden one has to deal with in terms of the resource. It has to do with the actual makeup of the oil sands. The beauty of the in situ process, of course, is that with steam injection you're able to draw the resource up to the surface. But in the oil sands area that technology simply doesn't work, in part because your overburden is too small and your steam can't be contained within the ground. So really the ultimate determination as to what process we utilize has to do with the specific nature and makeup of that oil sands resource. There are oil sands and there are oil sands.

He raised the question of sulphur emissions as well. I simply note that with the Syncrude expansion currently being undertaken, the expanded facilities will have even more efficient sulphur recovery than the existing facility does. I can also reference the Pincher Creek study that's being conducted, a very intensive health study that's being undertaken with government funding and support. I think we as Albertans all want to know whether or not there are any significant dangers to health by virtue of natural gas plant or oil facilities emissions or the like. We all want to satisfy ourselves that the development of the resource is not giving rise to any significant health concerns for Albertans. It was on the basis of that desire to ensure the good health of Albertans that we agreed to undertake this study and bear costs related to it.

The hon. member also asked a question with regard to natural gas versus oil. He referenced former premier Man-

ning's comment, I gather in their caucus, about the importance of natural gas in the years ahead. Certainly, I believe we as a government have recognized all along that Alberta is, on the conventional side, very natural gas prone. We have great reserves of natural gas and potential that has not yet been realized. I've felt over time that while recognizing the natural gas prone nature of this province, if you will, we should never undersell the oil prone nature of Alberta, whether it be conventional or heavy or oil sands.

I don't share the view of those who suggest that Alberta is running out of oil. With the increasing amount of oil exploration and discoveries, I think that confidence in our conventional oil potential is being realized and satisfied. We have lots more oil to develop in this province, whether it be oil in the conventional pools or heavy oil or oil sands. I believe we can achieve very steady and sustained growths in our oil and gas sectors which are comparable, which are moving in tandem, so that we don't get into a situation where we're overly dependent on one or the other.

He inquired about reserves. The reserve rule that is currently in place and has been for a number of years is a 25-year reserve requirement for Albertans before we export any natural gas outside the province. In Canada it's the same rule, a 25-year surplus set aside before we have any exports into the United States. It should be pointed out that that's quite different from the circumstances in the United States, where there is no such major reserve requirement. It has been suggested by some in industry that we're paying a very high carrying cost, if you will, for the imposition of that kind of rule. They've suggested that it's something that should be assessed periodically. The last time a change was made was the result of a technical assessment by the Energy Resources Conservation Board. Of course, since that time we've found more and more natural gas, which has served to underline the appropriateness of that change and that determination.

Moving on to the questions of the hon. Leader of the Opposition, he raised the question that has to be asked first off: what about world oil price? He recognizes, as I think all members of the Assembly do, that the term the Premier has used from time to time, the term "fragile", continues to have an application. I'm always drawn to that old saw that the most important tool the forecaster can have is an eraser and very judiciously try to avoid engaging in forecasts. There seem to be mixed views in the world these days. There seems to be a view held by many that we might see some modest slippage in price in the course of, say, the next 12 months or so. I think that's the time frame the hon. Leader of the Opposition referenced. But the prevailing views we hear and receive are to the effect that it is, while a possibility, viewed as more unlikely that there would be any dramatic downturn in price.

Certainly, the extent to which the OPEC members are able to control their production is the really key factor that will serve to ensure that there isn't any free-fall in world oil price. Then the prospects for our avoiding any dramatic free-fall will be enhanced. The world needs a certain volume of oil on a daily basis for its needs, and if OPEC is able to be thoughtful about its own members' production levels, that will simply serve to reinforce the pricing that is currently in place.

The hon. member then raised another important area, that of royalties and incentives. He raised the matter of our review. He's quite correct. In a press release some time ago we indicated that we would like to receive industry's views with respect to our incentives, their direction, and

their appropriateness by the end of May and that thereafter we would come to a decision no later than July 31. It's my hope that, in fact, we'll be able to make a decision significantly before that. Once we've got industry's views on hand — we're receiving them now and have been for some weeks, and I think we'll likely get the bulk of them well in advance of that May 31 date. I hope that by early June we will have done the bulk of the work. We're working now on assessing the various proposals that are coming in. I'd like to see us come forward with a statement and policy as early after that May 31 deadline for submissions as we reasonably can. I'm just delighted with the quality and number of submissions we are receiving.

The hon. member raised comments attributed to me at the annual dinner of the Canadian Petroleum Association, where I was their guest and invited to speak, and particularly the circumstances of the small producer. He spoke about this question of oil decontrol and what type of support we have for our small producer. I guess the first statement that ought to be made is that I believe this government has historically been very aware of the importance of the small producer in Alberta. That has been the policy. There's certainly been no change in the policy. There will not be a change in that policy and that approach.

We've had an opportunity from time to time to assess various netbacks to our producers in various parts of the industry. These are always, of course, somewhat general in nature, but what has come out of any review or assessment that we've ever looked at is the importance of the royalty tax credit to the small producer. It's absolutely vital, and it has made a tremendous difference in the effective royalty rate that the small producers pay. So the comment about the circumstances of the small producer is one that is made in the context of their netback opportunities when compared to medium or what one might call the larger producers. That royalty tax credit is an extremely important program to them and one that we have maintained over a period of time. In fact, at the time of the oil and gas activity plan back in 1982, we bumped it up dramatically, recognizing the importance of getting that quick infusion of additional cash flow into the hands of the producers. I think it's fair to say that it worked well.

The hon. member then made reference to what he called the dual pricing system. I'm not sure I fully understand his use of the term. I suspect that he may be referring not so much to price as to royalty rates, because, of course, decontrol will give rise to whatever the market will bear. So I'll answer the question on that assumption and understanding. I simply say that's one of the areas we're looking at in the course of this incentives review. Currently we have two separate royalty rates in place as to whether the production is so-called old oil, which is pre-1974 oil, or new oil, which is subsequent to that date. That program actually was instituted prior to the NEP, which took that notion in terms of pricing that would be received. Of course, when you get into pricing, we're strong believers that pricing has to be on the basis of the market circumstance. The royalty approach to it was in terms of the costs that were incurred for the recovery of that oil.

[Mr. Purdy in the Chair]

That's one of the areas we're going to be assessing in the course of this review. Should we leave it as it is? Should we be making some modification? Should we have a one-royalty system in place? We will be looking at that

and certainly going into those discussions with a very open mind and taking into account industry views that we have received and will receive on the subject. I think I've dealt with the hon. member's question on royalty rates, at least in a general fashion.

He also, quite properly, raised the question of the Saskatchewan royalty holiday approach, which, as he pointed out, is one that rewards success rather than activity. I say with no political motivation, notwithstanding the political orientation of the former government of Saskatchewan, that the former government of Saskatchewan took the philosophical approach I described earlier in my remarks, that somehow you've got to keep the stuff in the ground, that you're doing yourself a favour, rather than recognize that the way you really get on with oil security is by facilitating the development of the resource and finding more of it. Very significantly, for that reason the industry was at a dead stop when the new government took office. They looked at their own circumstances. They decided that they were going to go the royalty holiday route. I think that approach, combined with the circumstances that existed when they took office of an industry essentially at a dead stop, at a standstill, gave the very impressive results we've seen to date.

We received a lot of submissions from industry that we should enhance our royalty holiday approach. That's exactly what it would be, because the province of Alberta actually initiated royalty holidays in Canada. They had been in place for some time prior to Saskatchewan's having adopted them. What they have done is simply go further with them and allow a royalty holiday on oil on all wells, development as well as exploration, whereas in Alberta we have basically confined ourselves to exploratory wells on the basis that those wells where there's greater risk should get that particular incentive. I think accelerating that royalty holiday approach has certainly captured the imagination of industry, and enhancement of royalty holidays is going to be one of the concepts we give very serious consideration to in the weeks ahead.

The hon. Leader of the Opposition also queried the sort of objective measures we have in place to determine the effectiveness of our incentives. I guess the simple answer is results. In 1982, when we initiated the oil and gas activity plan, there were some who said, "You've got to tie strings to them; you've got to have that big stick to beat them with, because otherwise they'll just run off somewhere with this money." In my opening remarks I recited the most remarkable performance results of 1984 compared with 1983, and 1983 was that much better than 1982. The fact of the matter is that in my mind the industry moved ahead in that fashion for no more important reason than the oil and gas activity plan. It was a very massive move by this government. It involved an estimated \$5.4 billion over five years; that's essentially \$1 billion a year. If you take a look, that's approximately 10 percent of the provincial budget. It was a very dramatic move. It worked, and I think the results speak for themselves.

In the final question of his initial round, the hon. member inquired about APIP and what's going to happen with it. Again, that's very much up for discussion right now. In our energy understanding, the federal government committed itself to move out of its PIP program within a year with generous grandfathering arrangements. In our situation we're going to be taking a good, hard look at it. I don't think it's any secret that this government hasn't been that favourably inclined toward that kind of grant approach; we haven't

exactly embraced it with open arms. We're going to take a good, hard look at perhaps moving away from that grant type of approach to the kinds of concepts we've been speaking about here that impact on rewarding success rather than mere activity.

I think it should be stated that if that decision is taken, I believe we as a government have to be very mindful of those companies that went out there in good faith and made decisions based on the program that was in place, which had a time frame that would take it to about the end of 1986, as I recall. I think we have to be mindful and thoughtful about it. It wouldn't be right if we were to, in a sense, pull the rug out from under some of our companies who have put their affairs in place based upon these rules. If you're going to change the rules, you have to do it in a way that's thoughtful and considerate of those who acted upon the rules in good faith.

The hon. Member for Calgary Egmont raised some tantalizing points that one could expand on at great length, and I will resist the temptation to do so. When he inquired about the definition of energy, he said: "How come they talk about it as being oil and gas? What about those other energy resources in the country, notably hydro and others?" I very much share the thesis he advanced at that time, that there's been clear discrimination against oil and gas in this country for the last number of years. I guess the way we've approached it — and I think we have turned things around in significant measure so we have more equitable treatment for our oil and gas industry — is through the new energy understanding, one of the notable aspects being that they're going to move to tax the industry on its profits and not on its gross revenues. They certainly don't tax hydro on gross revenues. I don't think that's a very likely phenomenon, nor do I think it's very likely that in the foreseeable future a federal government will again move in as arbitrary a way as they did with the NEP to tax the revenues of the oil and gas industry rather than its profits.

He spoke about pipeline construction and the marketing of technology generally. I can only say that we do work with Economic Development, which is the lead department in that area. Not too long ago I accompanied my colleague the Provincial Treasurer to Tokyo, where we were involved in a seminar attended by some 150 Japanese businessmen talking about Alberta industry and potential and just what we have to offer to the world, which of course is part and parcel of the Premier's strongly held conviction that we've got to get out there and market our expertise and our goods and services. We've been doing that.

On the financing side, I certainly think we need to do a lot better in terms of our financial institutions. There's not much doubt that when the downturn came, largely as a result of the NEP, the financial institutions pulled in their horns in a very dramatic way. I suppose it's often human nature to over-react to a situation. If that occurred, I think we will and must see, with the growing new confidence in our energy sector, greater support of our industries here, with reasonable financing arrangements to facilitate, amongst other things, the marketing of our expertise and technology elsewhere in the world.

The petrochemical industry is, again, an area that does not fall squarely in my portfolio. The Minister of Economic Development and I, with him as the lead minister, have done some work in that area on the feedstock side. Yes, we have some challenges. We're not located on tidewater, but we've got a tremendous advantage, of course: we've got the feedstock right here. I recall my colleague the

Minister of Economic Development and myself travelling to New York last summer. We were talking with some of the financial houses about world oil prices, petrochemicals, and the energy industry generally. There was no doubt in their minds that with the exception of Saudi Arabia, it's Canada and specifically Alberta that are poised for the next round of petrochemical expansion, notwithstanding the future difficulties our industry is grappling with. They're going to be here when the time comes for the next expansion, as some of the leaders of that industry have so accurately pointed out on other occasions.

On LNG, the province of Alberta issued a conditioned gas removal permit for the Canada LNG proposal in December of 1984. We did it once we were satisfied the proponents of that project would accept an arrangement which ensured that on any gas sold to that project, our producers would receive a netback comparable to the netbacks they could receive for sales into the United States. We're just delighted to see an expansion of our market opportunities and to carve out new markets. At the same time, I think we have to ensure that we don't undermine our pricing circumstance in the United States, which is where we sell all our export natural gas at the current time. They satisfied us on that point; they agreed to the conditions laid out in our gas removal permit. From that time forward, it's really been a situation where it's a private-sector decision. I think that's as it should be. We've got the proponents of the project on the Canadian side negotiating with the prospective buyers in Japan. If they can come to an accord on a private-sector basis, an arrangement where they're satisfied, that's excellent. They will of course be taking the risk and generating rewards as well. So we take that approach to it. We recognize that in the final analysis it must be a private-sector decision, but of course the British Columbia and Alberta governments have made our contribution, if you will, by issuing gas removal permits to facilitate the project.

A query was raised about whether we were getting some protectionist rumblings, if you will, from the United States on export sales of natural gas. It's interesting. I recall going to Washington some time ago when we were looking at modifying our natural gas export policy. This was prior to the July 1984 policy change at the federal level, and the concern at that time, of course, was that our pricing system was rigid and simply priced right out of the market. I travelled to Houston not too many months ago and was quite fascinated to hear the occasional comment, "Gee, this Canadian natural gas is going to be pouring over our borders." I think the reality is that we now have a pricing regime that enables us to compete in the marketplace. Our producers and this government have no intention of price cutting; that doesn't make any sense. But you have to compete in the marketplace, and we're now positioned to do so. We're of the view that the murmurings, if you will, about protectionism on natural gas at this juncture are not a cause for concern. I think the administration in the United States is very supportive of the market approach we are now part of. It is, of course, something we will continue to monitor, being so important to us.

Sable Island natural gas: I can only say that there's been a recent announcement by Husky, I believe, in that general area. The development of that resource will of course depend upon the resource base and the ability to proceed with it on an economic basis. As a Canadian, I think we all have to feel good about the prospects for greater energy development in our country wherever it may occur. Certainly, if that project and projects of that nature are able to proceed

because they make economic sense, I think we'll all be cheering along and will see energy development occur in all parts of Canada.

Marketing natural gas domestically: we have an industrial domestic incentive plan in place now that we feel is working well for us. Our Canadian natural gas sales are up some 9 percent from a year ago. We feel that a significant part of the reason has to do with that incentive plan. It is working, and that's why we're continuing it. In terms of residential consumers, the hon. member specifically mentioned areas in Quebec, Montreal and Quebec City. Through the market development incentive plan, which is a different initiative that came about through the 1981 energy agreement, we have been providing financial support for building new facilities. The major area where this has caught fire and really captured the imagination of Canadians is in Quebec. The Soquip organization in particular has been very instrumental in getting on with greater utilization of Alberta natural gas in the province of Quebec.

On oil refinery rationalization, do we have enough? Where are we at right now? It would appear that while there may be occasional further rationalization, I think the rationalization one has seen in the last year or so has by and large run its course. Yes, that Maya crude is still coming in from Mexico. Given the new energy understanding which enables us to sell oil wherever we will, it isn't an impediment to Alberta and our marketing opportunities. The decision as to what crude will be purchased, of course, is going to be an economic one, and that relates very much to the circumstances with any imports from Mexico or elsewhere.

The hon. Member for Spirit River-Fairview raised two questions which fall within my portfolio responsibilities. He inquired about coal research and suggested that in fact there had been some reduction of our coal research efforts. He drew the conclusion from looking at the numbers in our votes. I would mention that the reason for the decrease in the budgeted amount, and it's roughly a 30 percent reduction, has to do first of all with the completion of the coal research facility at Devon. That accounted for upwards of \$3 million of the lesser amount this year. It's now completed. That's why it was higher last year and not this year. As well, there was some slight reduction in requests for grants associated with new projects under the Energy Resources Research Fund. That fund arose from an agreement with the federal government some years ago. That is the other factor giving rise to that decrease.

He also spoke of forest research and its importance. Again, I will make reference to above and beyond what's contained in our budget. The new Canada/Alberta forest resource development agreement was signed in October 1984. It's going to contribute some \$23 million during the next five years to the development of our forest resources and our forest industry. It's very significantly aimed at hardwood utilization.

I think it's appropriate to mention a wonderful initiative by our Northern Alberta Development Council, chaired by the hon. Member for Lac La Biche-McMurray, with the membership of other MLAs here in the Assembly, which sponsored a hardwood utilization seminar about a week or so ago. I'm told that the seminar was an outstanding success. There were a number of very good, solid suggestions brought forward. As we in this government assess the current initiatives we have in place, as we look, for example, at the white paper and the follow-up to the white paper, which spoke of hardwood utilization, we will take into account

the recommendations flowing from that initiative of the Northern Alberta Development Council.

I suppose I should also mention on the coal research side that, in fact, rather than its being a situation where we are doing less than in the past, it's really quite the opposite. We have recently established the office of coal research and technology, which is working very closely with industry. In particular we're working on facilitating greater sales of Alberta coal to Ontario. There was some involvement of our department in the recently concluded 95,000-ton sale from McIntyre Mines to Dofasco. We were working with the industry on that particular occasion. We think we can do better in terms of coal sales. We're looking at our existing technologies. We're looking at concepts like coal agglomeration and a number of other exciting initiatives to ensure that we continue to have a healthy and viable coal industry in this province.

MR. SPARROW: Mr. Chairman, I would like to add to my colleague's remarks. We had a question from the MLA from Lethbridge West with reference to an explanation of all the controversy over the changes in the 1984 Eastern Slopes policy. I can assure the member that the controversy has calmed down since the February meeting in Lethbridge that he mentioned. It was unfortunate that when the policy came out, we didn't ship it out to each fish and game club and every member of the clubs in the province. A critique of the policy was done by a certain group. Everyone had a copy of the critique and didn't have a copy of the Eastern Slopes policy. When they read them, it made quite a difference.

I think the biggest problem we all have is the size of the Eastern Slopes. It's not just a little park in our backyard. It's some 90,000 square kilometres, or approximately 35,000 square miles. It's about 18 percent of the province. The policy has to be broad enough to cover the extreme south of the province as well as the north, so it has to have flexibility built into it. Mention was made that the original policy was thought to have been etched in stone. Our new policy very clearly states that it is intended to be a guide for resource managers, industry, and the public having responsibility or interest in the area rather than a regulatory mechanism. I think that's the key we have to look at.

Public input on that plan took place prior to '73 at ECA hearings. In '75 an interdepartmental government committee started working on a policy, and in '77 the policy was adopted. In 1982 my predecessor announced a review of that '77 policy, and it proceeded from 1982 to the completion of that review in 1984. The key to the various areas right now is and always has been the integrated resource plans at the local level, where public input has to take place. In the case near Lethbridge, those public meetings have taken place, and the plan is moving toward its finalization. Some 15 regional plans are coming forward for approval this year. A lot of public input from fish and game clubs and wilderness associations has taken place at the local level, and we're looking forward to the finalization of those plans so they can be put to better use.

The Member for Spirit River-Fairview mentioned several items on forestry, which my colleague has talked about, with reference to his concerns about the decision to eliminate habitat and fisheries budgets. These items are covered by the establishment of the Fish and Wildlife Trust Fund for habitat projects under the Buck for Wildlife programs now being paid directly by that trust; hence, the appropriation of about \$1.5 million is no longer necessary in the budget.

That new trust fund has been opened and has approximately \$5.5 million in it, of which \$3.5 million is principal and \$2 million is interest. There's a reduction of approximately \$750,000 in both wildlife and fisheries, which will now be covered from the trust fund. So it's not a reduction; it's just a different way of using the trust fund rather than having it go through the budget process.

The reduction in biological services is just part of a significant reorganization that has taken place, which is consistent with the 1982 fish and wildlife policy and the Wildlife Act last fall. It basically results in the decentralization of administration of habitat development programs and consolidates the management of habitat development. This has allowed us, for instance, to staff up for the Cold Lake fishery, which we hope will be operational in the spring of '86. Our habitat development branch is working directly with fish and game clubs throughout the province on Buck for Wildlife projects, and I'd like to commend those fish and game clubs. We have some 75 new projects this year because that reorganization and change has been made. I think the specific question likely ties down to the movement of one position to field activity.

Mr. Chairman, those are my comments.

MR. MARTIN: Mr. Chairman, there are a number of areas I have yet to cover. I'm sure the minister of energy likes getting a chance to explain, and I certainly want to give him a chance to do that.

To come back to some of the things the minister has talked about, I make the case very strongly that we can say all we like in the review. We can talk about the number of wells drilled from '82 to '83 to '84, but when it first came in there was a drop, and the minister is aware. But as a philosophical viewpoint, it seems to me that a type of royalty system based on success makes a lot of sense, call it the royalty payout or whatever. That's an area the minister says he's got an open mind on. I hope he does.

Overall grants: the minister may have great faith in the multinationals — more than I do, I expect — but it seems to me that we have the experience. If it's just a grant, if it's not based on some sort of performance guarantee, they can go anywhere they want with it at a certain point. If it means drilling somewhere else, they will do it if they can make a bigger bang for the buck. If it's based on success, on the royalty payouts we're talking about, then of course they can't do that.

I'll make the case again about another area he talked about. The minister talked about the royalty system being very complex. He's right; it is very complex. It has evolved over a number of years and become more complex than when it started. That's the nature of these things. I recognize that he said that if you add something here you may take something away there. I really suggest this is another area where we can be helpful to the smaller Canadian independents. Whenever it comes up when we talk to them, they say time and again that by the time they're through, they need accountants studying accountants. They plead for simplicity. While we agree that we'd have liked the PGRT to have gone out right away, the industry has said that the phaseout, as opposed to elimination as well as decontrol and the other changes I want to talk about in a minute, could lead to increased complexity and add to the need for higher accounting bills in the cash flow. I suggest that the government look at ways to make the whole system simpler for people. It's not adding to productivity. Well, I don't know; I suppose it is for the odd accountant or lawyer,

but certainly not for the smaller companies in the industry. It's not as much a problem for the bigger ones because they automatically have these people working, but I think the minister would agree with me that it is a problem the smaller Canadian companies complain about a lot. I hope the minister is looking very seriously at that aspect.

I will not get into different governments. If he wants to talk about success-oriented, I'll admit that it was a Conservative government that brought it in and that it worked well. I'm sure he wouldn't want to debate about the deficit and the economy generally in Saskatchewan since the Conservatives took over, so I will resist that temptation, Mr. Chairman.

I want to go on to another area and then come back. The broad area of how much oil we will have in the future was alluded to. Mr. Chairman, I want to talk specifically about the philosophy of it having to do with light crude. It's our understanding that the ERCB's latest estimate for Alberta's oil supply from 1985 to 2010 is that our reserves of light crude will plummet by more than half by the year 2000, from 150,000 cubic meters per day to some 64,000 cubic meters per day and then down to 41,000. I'm sure the minister is aware of these figures. With the emphasis on going more toward heavier oil and possibly the tar sands, if it's ever feasible — and I'll come to that — as I understand the ERCB figures, I wonder why we are so anxious to export as quickly as possible. It seems to me that those are the reserves we have. It's still going to be the cheapest around for our own use. I'd like the minister's philosophical comments on that.

Mr. Chairman, the International Energy Agency said in April that oil demand in the noncommunist industrialized world fell by 2 percent in the first two months of the year from the same period a year ago. We are talking about oil demand and price rising in the medium-term future. As I understand it, people are saying that the world price could perhaps drop in the next year, but they're optimistic at some point after that. I think the minister indicated that that may in fact be the best information he has available. If we have confidence that oil demand and price will rise in the medium-term future, I suggest that shipping away our light crude — by the minister's analysis, is there not a point where at least keeping that light crude into the medium term would make more economic sense? Maybe we can't; maybe we're locked into agreements. I thought his analysis was very clearly that in the short term prices would possibly falter a bit, or at least not go up, but in the medium term they might go up. It seems to me that our light crude would be worth more in the medium term if we follow that analysis.

The other area that follows along with oil prices has to do with the possible Canstar project with the minister's favourite oil company, PetroCan. Apparently, they're the only ones that want to go ahead with this. Could the minister update us on where this possible project sits and who is involved outside of PetroCan. Are there some other companies he can tell us about? I guess I really want to know what would make this go, what it would take to make that feasible. With the world oil price possibly going down, as we've just talked about, although it's a guess, it seems to me that PetroCan and the other companies in it will want an arm and a leg to go ahead with that project. Is it really, at this stage, economically feasible to get into that? I'd like the minister's comments on that in view of the circumstances.

The other area I want to come to briefly, Mr. Chairman, has to do with the western accord. We won't know how

good the western accord is as we go along, but I wonder about the minister's comments. His counterpart was optimistic. In fairness, I can't remember the minister here saying how many potential jobs; maybe he did. But I saw her on television telling us that it would create between 100,000 and 300,000 jobs. That's quite a guesstimate, quite a wide range. I'm sure the minister is aware that the corporate development and economic analysis branch of the federal energy department says she may have been a tad optimistic. I'm quoting from the April 15 edition of *Oilweek*. They suggest that a

close examination of [this] report reveals that although it indicates a lower unemployment rate to 1988 [in the oil and gas industry] . . . unemployment will rise thereafter.

That's from her own department. Of course, as we've said, they say that

oil price decontrol per se does not improve netbacks on new oil . . .

We've already talked about the price of new oil actually going down. They admit that the

Petroleum and Gas Revenue Tax deductibility . . . should improve after tax netbacks, [but] it cautions that "the impact seems limited."

What I want from our minister is his assessment of jobs and the rest of it for this province specifically. She talked about 100,000 to 300,000 jobs across the country. Do we have any estimate? What is the minister's assessment of that report? I think it's important. I don't know if he's had a chance to read that. As I said, it's in the April 15 *Oilweek*.

I have a number of other areas. I want to give the minister time to come back on some of them. The next area has to do with heavy oil and the announced project in Lloydminster with Husky. The minister is well aware that there have been articles and some confusion about what's happening with the federal government. As I understand it, Mr. Chairman, one of the bureaucrats or civil servants or whatever from the federal level has suggested that they're having second thoughts, if I can put it that way, about this project and its viability. As we are well aware, it was an agreement between both levels of government, but he said the upgrader might not be able to cover its construction debts and indicated that Ottawa may be having second thoughts about the \$780 million loan guarantee it was considering. To be fair, I haven't heard that from federal politicians, but I'm sure the minister has had some update on where that project sits if the federal government is not having second thoughts about this.

The other area I want to quickly go into and then come back is the Alberta Petroleum Marketing Commission's new mandate. Mr. Chairman, on April 26 the minister assured the Assembly that there will still be oil prorationing. I understand what he meant is that the ERCB will continue to prorate production allowables. This doesn't necessarily speak to the future of the commission itself. In the past the marketing commission made sure that everyone's oil was sold on an equitable basis if there was a market. Of course, that's the key thing: if there was a market. As I understand it, and I'm sure the minister will correct me if I'm wrong, the commission will sell oil for those who want to use the service. For example, probably the integrated, the majors, will not want to use it, because they can produce oil and set up marketing arms themselves. It seems to me — and we had this discussion in question period — that that gives them a tremendous advantage over the smaller

Canadian independent. Because they're obviously not integrated, they're not going to have a marketing wing. It seems to me that the only group they can probably still deal with is the marketing commission. I wonder what clout the marketing commission will have if it's only doing it partially. How will the minister assure that everyone's product will be marketed on an equitable basis with the new system?

Mr. Chairman, in answering questions on April 1, the minister said that prorationing protection would come into place only in "a limited market circumstance", I believe were the words the minister used. What is a limited market circumstance? Might it be the possibility we've alluded to, rapidly dropping world prices? Is that the type of thing we're looking at? If the worst thing happens, if we have rapidly dropping world prices, if there is a breakup of OPEC, what would happen? As I said, that was in the news today. The other question I have flows from that. I'm still not sure what the rationale was for this change. Unless I am wrong about this, we're told by smaller independents that they'll be able to deal only with the marketing commission, and they feel that they'll be at an unfair advantage with the majors, the integrated companies. Why do we want to go this route? In question period it's hard to get the whole rationale behind it. Perhaps the minister can allude to it.

The other area is also something that we alluded to in question period, Mr. Chairman. On April 1 the minister said that they would keep regional transport differences in mind in designing incentive systems to replace the postage stamp rate. But it seems to me that this will again benefit the majors. They're sitting on more stocks of old oil, and of course they're closer to the market and the NORP oil is farther away from the market. It certainly seems to me that unless there's some recognition of that basic principle, whether they call it postage stamp or something, it will be cheaper now to sell this oil than to explore for new oil in distant areas. I wonder how we're going to overcome that. Surely incentive now has to be farther away, and if we're replacing the postage stamp idea, it seems to me that it could be self-defeating.

There are a number of other things. Perhaps I'll just come back to one, and if we have more time we'll go back. I'm sure that will probably take the rest of the session. It has to do with coal substitution. The minister and I have had this exchange, as did my former colleague, about Ontario Hydro and the committees. Taking our good advice, they finally set up a committee, but I haven't heard much about it lately. I can't even recall how long ago the task force was set up with, as I understand it, people from Ontario and Alberta. I hoped the whole idea was to look at how Ontario could purchase more low-sulphur coal from Alberta. We had that discussion about sulphur. My estimation is that if that were done in a major sort of way with blending, say, at Thunder Bay or something, there's the possibility of a lot of jobs for Albertans — 10,000 to 32,000, as I understand it. So maybe the minister could update us on where that particular proposal is.

I'd like some comments from the minister on another area dealing with coal, because we know what's happened. It's all right to talk about getting into the Japanese market and we should attempt to do that, but that's very difficult in the coal area right now. My understanding, Mr. Chairman, is that places like Australia have a tremendous competitive advantage getting to that Japanese market. I wonder if we've looked at that or at any other areas. How can we compete in that Japanese market, or is it impossible?

One of the reasons we suggested looking toward the Ontario market, Mr. Chairman, is that surely there should be a quid pro quo in this country. We get things from Ontario that are relatively expensive. It seemed to us that that was one of the areas we could look at.

I have a number of other things, but there may be other members. If there's time, I'd like the hon. minister of energy to come back on some of those things.

MR. GURNETT: Mr. Chairman, there are a couple of specific questions related to forest resources that I'd like to address to the minister. One relates to the aerial chemical spray program. There's recently been some concern expressed in the media and among people about what's going to happen this year. I wonder if we can get an update about what's going to happen as far as aerial spraying of chemicals this year by Alberta forestry: if decisions have been made about which chemicals will be used, which areas will be sprayed; the process for notification of people that may be in that area prior to spraying programs; also a little bit about the long-range plans or intentions with regard to aerial spraying programs, particularly in forest areas. I'm wondering what research or attention is being given, for example, to natural biological means of control in connection with forestry rather than dependence on chemical spraying.

I'd also be interested in the minister's update on what's happening with regard to the Berland-Fox Creek forestry area since the B.C. Forest Products monopoly backed out of developing there: whether there's progress under way now to get smaller Alberta companies involved, and what kinds of prospects there might be for new jobs in connection with the careful development of that particular area, making use of its economic potential.

I also want to make a few comments about the Eastern Slopes policy, Mr. Chairman. We've talked about it here other times, in question period, for example. The 1977 policy was seen as a very, very fine example of what should happen in policy development, where widespread public consultation takes place which provides direction and input so that in the end you've got good government decisions being made and wise administration of something. I think most of us looked at what happened, the years of work that led up to the 1977 policy, as a good way. We saw a policy developed that was a reasonable compromise and that I think reflected a consensus of public opinion. We could have some certainty of that because of the process that went into it, the public hearings. I draw particular attention, Mr. Chairman, to the public poll that was done in which, I believe, about 90 percent of those surveyed indicated an absolute preference for preserving the natural areas of the Eastern Slopes rather than seeing them developed. When the policy finally came out, it reflected a significant contribution from that particular public opinion.

My concern is about the 1984 revisions — some people have called the 1984 revisions that were announced last August an open invitation to destruction along the Eastern Slopes — and the very different way in which those revisions were made public: basically out of the blue with no significant chance for input and no process gone through. Late last year, after the revisions had been announced, virtually all organizations in the province that are concerned about wilderness areas indicated their concerns. In December the concerns that were expressed reflected views that came from such well-established and respectable organizations as the Alberta Fish & Game Association, the Canadian Nature Federation, the Federation of Alberta Naturalists, the Sierra

Club, and the Environmental Resource Centre. Obviously, there was a lot of concern about the direction things took and how unexpected and wide-ranging the revisions were.

I'd like to mention some of those that there's concern about. The list that the different organizations expressed concern about is long and I won't go into all of them, but I'd appreciate some comment on the justification or rationale for some of the changes in policy, particularly things like the deletion of references to compulsory protection of critical wildlife habitat and the deletion of an insistence on protecting unique natural areas. I point these things out not to be alarmist, Mr. Chairman, or to indicate that I think we're going to immediately see threats in all of these areas, but simply because with the changes in the policy the possibility is now there, and I think we have to be concerned about what that possibility can mean. Another of the changes deleted the requirement that facility development be restricted to defined nodes and the transportation corridors to those nodes; the elimination of the requirement that Crown lands along the Eastern Slopes remain under public ownership; the replacement — this is a particular concern because of the importance of water resources in this province — of the emphasis on the importance of water quality with an emphasis on water management, which can in fact mean little more than flow control and building dams as opposed to actual guarantees of water quality; the fact that the revisions will permit permanent residency in the Eastern Slopes — for example, in townhouse developments; the elimination of any requirement that resource developments extended in the prime protection zones before 1977 be slowly phased out, so apparently that need has now been eliminated; the fact that there's now permission for seismic and also oil and gas work in the prime protection zones of the Eastern Slopes is a concern; also the permission that's been made available for motorized vehicle travel in all zones and the permission for helicopter use in the prime protection zone.

As I said earlier, a lot of these are things that touch on items that don't offer the kind of economic importance some of the things we've been talking about this afternoon do, but they have the potential to change significantly, and maybe permanently, aspects of our wild habitat in this province. When there is opportunity for the minister to comment, I would be interested in further comment about the process and the rationale for some of those things.

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

MR. ZAOZIRNY: Thank you, Mr. Chairman. I'll endeavour to cover as much ground as I can and as time this afternoon permits. If we're not able to cover it all this afternoon, I trust we'll have another opportunity.

Mr. Chairman, in the early part of his second round of comments on these estimates, the hon. member talked about rewarding success rather than mere activity and expressed some views that are not dissimilar to my own and that of industry. I simply say, hallelujah. We're delighted to have you on board, and the more the better. We, too, are great believers in rewarding success rather than mere activity. I don't think I need to comment more than to say that that will be a very major consideration as we go through this review, and I say that without prejudging it.

He made a comment that puzzled me somewhat. He talked about these grants and the disadvantage of that approach, and I think suggested that they will take these

grants with them and do whatever they will. Perhaps I misunderstood him, because of course the grant system, which I don't purport to defend, pays you for drilling. If you're going to get the grant, you've got to drill the hole and you've got to drill it in Alberta. The question that arises is: is that the approach that we want, to reward someone for simply drilling a hole? Do we not want to reward them for finding oil or gas? I think that's the hon. member's point, and I very much share that philosophy which he has adopted.

He spoke about the advantages of trying to further simplify the system. Again, I certainly wouldn't take issue with that general approach, to the extent that we can do that and not cause disruptions that the industry is in fact unhappy with. That has to be a continuing focus for government: to try to simplify. Certainly, the initiative in terms of deregulation that is being chaired by the hon. Member for Edmonton Whitemud is really unparalleled elsewhere in government that I'm aware of. It certainly underlines this government's commitment to endeavouring to make the rules of the game as straightforward as we possibly can.

The hon. Leader of the Opposition then moved into the area of oil and reserves and raised the age-old question which I often heard in the eastern part of the country when I began my portfolio: "Why do we want to export any oil?" I have to confess, Mr. Chairman, that I think we still have some work to do with the hon. member on that one. We've got him convinced on rewarding success, but we still haven't quite been able to make the case in terms of why we want to export any oil. The way I've always tried to explain the concept of the importance of producing what you can under good conservation techniques is simply this: a barrel of oil that is not produced today can't simply be produced tomorrow if you're producing tomorrow at your overall capacity of production. That barrel that isn't produced today has to be moved to the end of the production line, eight or 10 or 15 years down the road, because there's only so much you can produce each day. That's the real dilemma with this shut-in oil situation, with not producing what you can, to a maximum under good conservation practices. You can't simply produce it tomorrow without displacing a barrel that you would have otherwise produced tomorrow. You've got to go right to the end of the line.

The significance of that is multifold. First is cash flow. The member wants to see the activity, but where is the money going to come from? If the industry isn't able to receive the cash flow they need for reinvestment through marketing the resource and they have to wait 10 or 15 years to get those dollars, how are we going to create those jobs? Where's the money going to come from? It's not going to drop from the skies. The first crucial aspect is cash flow to the industry, and that relates as well to the discounted cash flow basis. A dollar received 20 years from now certainly isn't worth very much in relation to what it is if it's received today. The industry has to have that cash flow available. That gets on to, "Do we really want to develop the resource or not?" If you want to see the resource base developed and expanded, and I think there's certainly potential for that in Canada, and in western Canada in particular, they've got to have the cash flow to get on with it. There has to be that incentive.

He also spoke about and advanced the thesis: if we expect prices will kind of come up again in a few years, then why don't we leave it in the ground? I think my earlier comments really addressed that point. Because he

suggested in his remarks that I was painting a certain price scenario, I'd be quick to say that I'm simply indicating the kind of information that comes to us. I don't get into the prediction business, Mr. Chairman, because nobody knows what's going to happen with price. Everyone can have their own opinion of it. Certain people have more information than others, but the bottom line is that nobody knows. That price could go down; it could go up. Who should be taking that risk? What if the price goes down? How would the hon. member feel if we had taken the chance of not producing today because we figured we were going to be better off if we produced it in a couple of years, and it didn't happen? We would then have a multiplication, a layer of problems that we would impose upon our industry: not only would they not get the cash flow today so they could get out there and create some jobs and get on with the development of the resource, but the dollar they would receive a few years later would be less. That's why we have to operate on the market system and ensure that the cash flow is generated for our industry.

MR. DEPUTY CHAIRMAN: I hesitate to interrupt the hon. minister, but we must conclude by 5:30. Would someone like to make the necessary motion that we rise and report?

MRS. CRIPPS: I 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. KING: The House will be in Committee of Supply this evening. I move that the House stand adjourned until 8 o'clock this evening.

MR. SPEAKER: I wonder if the hon. Acting Government House Leader might agree to the usual procedure whereby it would be agreed that when members reassemble at 8 o'clock, they will be in Committee of Supply and that the House now adjourn until the Committee of Supply rises and reports. I see the hon. acting leader nodding in agreement, and therefore I'll put the question. Do the members agree?

HON. MEMBERS: Agreed.

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

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

head: COMMITTEE OF SUPPLY (continued)

[Mr. Purdy in the Chair]

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

**Department of
Consumer and Corporate Affairs**

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

MRS. OSTERMAN: Thank you, Mr. Chairman. I would like to make some opening comments regarding my department. I think it's fair to say, and most members of the Legislature would observe, that one of the toughest areas to be in is the regulation field, because everybody complains. Either you're over-regulating and you have complaints from those operating in or aligned with the business community, or on behalf of consumers, you have those people who believe that you don't regulate tough enough. So I want to make some opening comments, first of all, about the management in the Department of Consumer and Corporate Affairs.

Over the course of the last year we've had many, many pretty tough problems come our way with respect to what was happening in the business community. Those people have responded very well. Not only that, in keeping with the kinds of instructions I have given as minister, they have functioned superbly. We have what I think is a very fiscally responsible budget. We've come in at a less amount than last year and done it without having any program areas suffer. In other words, I believe we are delivering at least as good a service as we were the year before, and we intend to, obviously, in this year.

I think the effort of employees who operate in the six regions across the province has also been superb, Mr. Chairman. We're finding people now who, I suppose, would call themselves generalists as opposed to specialists. They have become familiar with the many areas of regulation in which they're challenged to investigate and are doing it in a far more efficient manner. I have made the observation that regulation is a little bit like taking medicine. When the officer stops on your doorstep and starts to ask you questions and begins to conduct an investigation, it is like medicine. It's tough medicine, and a teaspoon of honey isn't going to make it go down any better. So as minister I certainly give my full support to these people operating in the field, where they are constantly met with the frustrations from both sides, and say again that I think they have been doing a superb job.

Mr. Chairman, a number of areas are worthy of mention in terms of what has happened over the course of the last year and what we might be addressing ourselves to in this new fiscal year. We'll start with lotteries. If hon. members have looked at the budget in their budget books, they will notice that there are no costs attributed to the administration of lotteries. Where we had one individual, we've even managed to have a very competent person in the position of assistant deputy minister take over the complete responsibility for lotteries and have been able to eliminate one position there. I think all hon. members will recall that just a little over a year ago we instituted the new distribution system for lotteries. Insofar as I am aware, it is working very, very well across the province. Again, I'd like to say that my colleagues who assisted me in putting those decisions together are very much to be congratulated.

Mr. Chairman, there's one other area connected with lotteries. It isn't with respect to the distribution of funds, because most of those decisions have been made. We now talk about the operation of the lottery system itself in the province and the business end of it. As most members are

aware, we are part of the Western Canada Lottery Foundation. For many, many years that was four western provinces, but as of April 1 we are talking about the three prairie provinces. So this year may bring different financial statements as a result of that. We don't foresee any major repercussions because of that change, but we certainly may see some. The return on lotteries has been far in excess of anything we had projected. I think it's fair to say that with the change from the four-province to the three-province operation and also keeping in mind that we may have some major capital costs incurred partially as a result of that change, the jury is out to some degree in terms of what sort of lottery profits can be expected in the coming year as compared to the past year.

So we have our Alberta operation, which is the Alberta division of the Western Canada Lottery Foundation, having formerly worked with the three other provinces. As I said, there are now only two other provinces besides ourselves. So I'm undertaking a complete review of the Alberta operation and how it should function, if there should be any changes with respect to the western Canada operation as it's now constituted.

One of the other areas, Mr. Chairman, that has been very personally satisfying was having the class A fairs under the Department of Consumer and Corporate Affairs. It gave me an opportunity to get around the province, touch base with what is mostly a very large rural contingent of people who are involved in these fairs, though we obviously have a mixed grouping in both Calgary and Edmonton, and to some degree, Red Deer. Even so, in those major metropolitan fairs, we've got a large number of rural people involved. I've received a lot of personal satisfaction from getting to know these people, looking at their operations, and seeing what a fine job they've been doing. Of course, last year we were able to give the fairs some extra assistance by way of lottery grants.

One additional item since the last budget: we have one more class A fair. That's Olds, Alberta. There were eight last year, and this year there are nine. I know that Olds and community are very much looking forward to the kind of expanded facilities they can gain under the class A fair status.

There are several unresolved areas that, time permitting, we in the minister's office and the department would like to look at. One is the Unfair Trade Practices Act. That Act has been in place for a number of years. There hasn't been a major review, and from time to time consumer and business complaints lead us to believe that possibly a review is needed. So we're going to undertake some discussion, particularly with the business community, in terms of how that Act is affecting them and if there can be some improvements made. One of the other unresolved issues is the Landlord and Tenant Act. Many members of the Legislature, and certainly members of the Opposition also, have raised concerns about the security deposit area. That particular item is under active consideration.

The major focus in terms of what we hope will be the side of the department that has time to do some blue-skying, not reflecting just on regulation and other matters, is information for the public — educational information, if you will. I'd like to have that as one of my major focusses this year. We started it off with an educational conference that the department put on a number of weeks ago. Staff were gathered from around the province to reflect on the various areas that are raised in terms of their investigations and consumer complaints that are brought to them. It's

obvious that that is a never-ending task in terms of addressing information that should be made available to the public to assist particularly consumers, investors, and depositors to make much better educated decisions with respect to their purchasing and finances. I'm looking forward to an enhancement of that area over the course of the year and would obviously invite all hon. members to make comments with respect to whatever concerns have been raised with them and where you see that the department may well produce additional information for the public.

I think so often, especially in the financial counselling area, we come to the conclusion that there are so many people, especially young people, who are very ill equipped to be making major decisions for themselves. We're all responsible for having let them down. I don't think it's just entirely government who should be putting out information, leading them by the hand through the various complex areas they're faced with, whether it's getting into a credit area, taking on a lot of credit, whether it's getting into contractual arrangements, whether it's taking their funds and starting a nest egg in one of the financial institutions in the province. It's obvious that our young people and many others require more information, and I think we have to reflect and certainly our people in the educational area are reflecting on how best to get that information. I know that our traditional educational institutions, and many hon. members will know and concur, are probably very overloaded in the curriculum area.

How do we best serve these young people? When you consider the very onerous responsibility that can be taken on by an 18-year-old just getting out of high school and take a look at some of the publications we have put out over the course of the last number of years, I say: this looks like such basic information. Are we not ready for something more sophisticated? I'm told time and time again that, in fact, those publications are badly needed. In my view, we have to find a way of getting more information into the hands of particularly our younger people.

Mr. Chairman, the other major area that I think follows quite appropriately on the heels of a discussion of education, of financial institutions, information that can be made available about investment and deposit in this province, is the Securities Commission. It is a major area and has been in terms of discussion in the question period over the last number of months in this House. I certainly am reminded that it has been some period of time, approximately a year ago, when the commission, having concluded with a lot of outside expertise — and members of the Assembly will recall the extensive debate on Abacus and the Abacus investigation. That investigation cost some \$3.5 million, and what did we get for it? Well, there's still a fallout occurring from it, but I think one of the major recommendations that came from the Securities Commission and that I want to speak to here tonight, because it's an area that every single one of us has to be concerned with, is the operation and the confidence in the regulators in this province and those quasi-judicial bodies that render judgments for us.

One of the areas where there was a major policy recommendation, Mr. Chairman, I just want to read into the record here tonight. It was recommendation #9 in the Abacus report to me. It was the

Recommendation that the Government Study the Possibility of Consolidating Regulatory Overview of all Financial and Investment Regulation into a single Regulatory Agency.

They went on to say:

The business and operations of Abacus Cities Ltd. invoked the application of several statutes and the jurisdiction of the regulators of those respective statutes. The extent to which those operations came within the regulatory authority of the Securities Commission was not very large, in the context of all of the company's activities.

In the course of its operations, Abacus Cities Ltd. dealt with matters that came under the jurisdiction of the Companies Act of Alberta, [now the Business Corporations Act], the Trust Companies Act, the Insurance Act and the Securities Act . . .

So here we have regulators, people observing one single company in all the facets of its operation from different perspectives depending on what particular act those regulators are responsible for enforcing.

So, Mr. Chairman, given a number of things that are happening across the country, I think you have a number of agencies like the Securities Commission board. I say that because there are a lot of different operations that fall under that commission. You have the board making a recommendation; you have the federal government, with a very total investigation and review of financial institutions and the legislation that governs them. The federal government, through the Hon. Barbara McDougall, the Minister of State for Finance, not only put out a discussion paper for us to make observations about, and invited people right across the country to do so, but also that same minister has in place the Wyman committee, that's going to give some comment about the Canada Deposit Insurance Corporation — and all through this, the push by the federal government to speak to a harmonization of legislation and regulations across the country.

So, Mr. Chairman, one of the other major areas that has to be addressed by the department, the Securities Commission, and others who will make comment on this is that whole area of regulation, a follow-up on the initial recommendation of the Securities Commission. I say that because right now, for instance, in the province of Ontario there is a major challenge, as I understand it, to their Securities Commission, because they, as do we in the province of Alberta, have a very interesting situation. Administrative law has been evolving over time, and as it evolves it's important, in the light of the way business and regulation is being conducted year by year, that we keep an eye on those regulations and legislation and update them where we believe to be appropriate. As I started to say, the Securities Act legislation in Ontario provides for the same type of structure as in Alberta; that is, you have one agency charged with the responsibility of a particular piece of legislation, and in that legislation are many, many factors that all go into the regulation and securities market.

The very interesting thing that has happened in Ontario is that where you have the investigation and the decision-making body all part of the same piece of legislation with the decision-making body, the Securities Commission board, finally adjudicating on many matters, you have the judges and the police force all together. So I think it's very appropriate, with the challenge in Ontario to say: is it possible for such a body to be impartial? How could they possibly, with their investigation arm over here producing information and laying charges with respect to the Securities Act — how can that board, who must make the decisions, remain impartial? Mr. Chairman, it's easy for them to remain impartial by making sure that they don't intervene in investigative practices.

I think many hon. members have questions in terms of how that now functions in today's very complex business society that we have and the very extensive array of businesses that are out there, particularly those who are coming to the commission for a vetting of their prospectuses. That was one of the major areas I wanted to raise, because I think it's appropriate in terms of the work being done by the federal government — and let nobody misjudge their very firm intent to make, maybe, some very major reforms with respect to their legislation — and insofar as we can look at our particular regulatory groups and agencies like the Securities Commission who, not unlike judges, are charged with the very onerous responsibility of making decisions.

Mr. Chairman, I think it's very important that we undertake the same sort of review and speak to the challenge that the federal minister has out there, and that is how to harmonize some of the legislation, because we have, in legislation and regulation, factors that affect businesses that are operating right across this country. It's probably a rather expensive affair for business to have to cope with and produce different documentation, depending upon what province they're working in, what type of legislation that province has.

Of course, with that whole area we also have the credit unions as a very important facet of the Alberta financial scene. While the Credit Unions have been addressed in a very major way initially by the department and in terms of support by the government of this province, and I'm sure all hon. members have agreed with that support, credit unions also, with respect to the task force and the recommendations that will be coming from that body, will be under a lot of scrutiny. Mr. Chairman, we in the department, and in my understanding from the regulatory officials with respect to the credit union system, the Stabilization Corporation for instance, are feeling very good about the co-operation they've had from the system and the number of people who so obviously want to put their shoulder to the wheel and see that the credit union system will evolve into a very, very strong financial force in this province, as they have been in the past. They are no different from other financial institutions who we know have, in a temporary way, suffered some setback.

Mr. Chairman, that concludes my opening comments, and I'd be delighted to hear the observations of my colleagues.

MR. GURNETT: I have enjoyed listening to the minister's comments and note that a lot of the time dealt with activities of the department which are particularly important to people who have disposable income available to invest and the protection they need. The questions I'd like to pose to the minister primarily deal with where most of the rest of us live; that's the sort of day-by-day consumer, the person that basically has an income which he or she has got to use for getting through each day, and some of the difficulties that involves for those people. I'm looking forward to knowing a little bit more about what's happening in this province in some of those areas.

One of the areas I would like to ask the minister about, Mr. Chairman, is related to the cost of prescription drugs. In late 1983, the Official Opposition asked the minister if she'd had a chance to review a report on the Saskatchewan prescription drug plan. At that time she hadn't had the opportunity to review it. I'm wondering whether she has now had an opportunity to look at that report and whether

she has any thoughts about the apparent situation whereby prescription drugs in Alberta are the most highly priced in the country. Apparently, according to that report in part, there's a profit that's involved for pharmacists that's concealed in the difference between what the pharmacist actually pays for the drugs they buy and the wholesale list prices of those drugs, since they can sometimes negotiate the prices they end up paying that are below the listed wholesale prices.

I'm wondering whether there's been some research undertaken by the department to find out what effect that's having on the price the consumers are paying for prescription drugs in the province and whether, because of the savings to the people of Alberta in terms of drug costs, the minister has considered initiating changes, for example, that would mean that pharmacists are paid for the actual cost to them of purchasing drug inventories rather than the current system, which I understand pays a percentage of the wholesale cost as well as a dispensing fee. So I'm wondering whether we've considered some other way that would deal with this whole area and perhaps result in lower drug prices for consumers in the province.

I'd also be interested in what's happening as far as provincial following of the whole issue of the place of generic drugs. I understand there's some federal action or at least a study under way. I'm wondering what way the province may be supporting initiatives to encourage generic drugs and whether that's something that's been shown in Alberta to be something that would have a savings for the consumer as far as what they ended up having to spend on prescribed drugs.

Another area a careful consumer is often involved with is purchasing a used car. Looking at what happens in another province, in Ontario there is provision for mechanical testing of used cars as a protection for consumers who are buying that. Some problems can come up with a used car that would not be obvious in a test drive situation — the result of damaged frames, for example. So I'm wondering whether there is any kind of product testing that the department here in Alberta provides in order to protect Alberta consumers that are buying vehicles. If there is some kind of support available in that area, Mr. Chairman, is information about it readily available to consumers? How do people know what assistance is available to give them some protection when they're making purchases like this?

Another area that seems to never go away, at least in the last few years in this province and in this country, is related to our systems of measurement and the ongoing difficulties with metric and the imperial system of measurement. I know that one of the issues in this area that's been dealt with has to do with the fact that a lot of products carry both measurements on them, imperial and metric, in relation to groceries and other things. In advertising, sometimes stores will make prices look better by use of metric measures, which may not be as familiar to consumers. They may be thinking in terms of an imperial measure, that they're used to. I wonder what's being done to make sure that advertising as clearly as possible avoids any misleading or any inaccuracy, simply by virtue of the fact that a product can be advertised in metric or in imperial terms. Maybe we all should have our calculators or our converters and be able to beware ourselves, but on the other hand, if you have a long grocery list, for example, it can be a very confusing thing to be sure you're getting the best buys. I wonder how we make sure that that does in fact happen.

I raised on Friday with the Minister of Tourism and Small Business some concerns about Sunday shopping, Mr.

Chairman, and I'd like to ask some of the same questions or similar questions to the minister of consumer affairs tonight. I think it's necessary to provide support for consumers and give them the best possible situation in which to operate. There are some serious concerns in that whole area. I'm wondering whether the minister has already started action or is considering action to undertake a study of the economic impact for different communities of a system whereby each community can determine its own hours for shopping, its own rules and regulations for when stores are open and closed, whether there's going to be a particular study of the impact that might have when you've got several communities that are all within reasonable driving distance of a consumer and that may be operating with different sets of bylaws in this particular area.

I'm also wondering whether the study, that I hope we'll hear the minister tell us will be under way, will look particularly at the impact for the smaller stores of the situation we now have in the province with regard to community-regulated hours and whether there will be some particular study of the impact for smaller communities because of the greater effect these kinds of situations can have on a small community with a relatively small number of stores, especially if that small community is very near a much larger community or a city.

I also wonder whether the minister, in getting ready to undertake a study on some of these things, has had some investigation done of just what's happened over the past couple of years, while increasingly there have been stores that have been ignoring the old law and operating with Sunday shopping, for example — whether we know how many small stores have gone out of business and the hours of opening have been a factor in those cases, whether we've got any kind of picture of what's happened to the business and the store community as a result of what's already happened, let alone what's going to happen, and particularly whether there's been any study done yet or is under way that will look at whether or not unemployment in Alberta has increased as a result of this kind of deregulation of shopping hours at the provincial or the federal level. I think this is an area that's going to have an increasing impact, and I'm interested in what the minister can indicate is already happening there.

I'm also interested in a little more information about the whole area of damage deposits by people who are renting. I know the minister mentioned that this is an area of concern and that some work is going on there. During the last two years, 138 landlords in this province have either been foreclosed on or gone into receivership and, as we heard recently, 30 more have already this year. Creditors that seize the assets of landlords under these circumstances are able to seize the tenant damage deposits without repayment. I have a concern about the number of Albertans that have lost damage deposits in this way.

As I understand it, Alberta and British Columbia are the only two provinces where there is no protection available for a tenant's damage deposit. I wonder whether the minister has moved to start to make it possible that we'll see legislation change so that Albertans who have to rent are also given the protection that renters enjoy in most other provinces in this country; whether there has been any consideration given to changing the definition of landlord, for example, in the Landlord and Tenant Act so that mortgage holders and liquidators would be covered by this; whether there's been any looking at what protection is available in other provinces in the country so that, for example, damage

deposits are put in trust — I think that's done in Saskatchewan and Prince Edward Island — or deposited in separate bank accounts or, as in Manitoba and New Brunswick, are held by a provincial office, an independent third party. If these kinds of things can be done in other areas of the country, in other provinces, it seems hard to make an argument that says that they're too expensive or inefficient and can't be done in Alberta.

I wonder what action is beginning to make sure that people who are renting can have that security of knowing there's some other route besides simply not paying the last month's rent as a way to make sure they don't, in a sense, lose their damage deposit. I'm sure there are lots of people who would prefer not to take that route, who would like to have clear protection through legislation in this province to guarantee them that kind of security.

The minister also talked about the very important role of consumer education given the situation we now have, and the concern she has to make sure we are doing the best we can in the area of consumer education. I certainly support her concern in that area, Mr. Chairman. When we see economically difficult times, the need for people to make the best possible use of the money they have is certainly that much more important. I'm interested, for example, in the vote where we look at consumer services, that we see basically no change in the funds allocated for consumer education. I know from a little bit of experience that developing a new program in any area of education is expensive and time consuming. When there is this recognized need for good consumer education programs, not just amongst young people in schools but amongst various sectors of our community, I think it's a little surprising that we don't see a more significant commitment to develop it.

During the past year, I had personal involvement piloting a program for native early school leavers that was developed out of the Peace River regional office. This was an excellent program. It met very well a need that's very real in a lot of communities in the north, and it was a good program. But I know the people who worked on that had to make a major investment of time and effort to develop it. If we're going to increasingly see various groups in our society with programs as good as that one available to them, I think we're going to need to have a better commitment by this government to support consumer education financially.

The final area I'd be interested in having the minister comment on, Mr. Chairman, relates to the delivery of service through the regional offices. Again, I see that basically those offices are looking at a budget that's unchanged in the coming year or a slight decline overall. I wonder what the philosophy of the department is as far as the role of regional offices and what future they have: whether they're seen as an increasingly valuable way to be in touch with the particular problems of consumers in various areas of the province, whether there's any intention to extend their role within the province, or whether they're basically going to simply hold their own, as the dollar figures seem to indicate, and be a centrally-directed part of the department's operations.

With those initial questions I'll give the floor to someone else for comment, Mr. Chairman.

MR. NELSON: Mr. Chairman, the minister is going to have some fun responding to that, I guess. At the outset, I guess some of my views may be somewhat opposite to the ones just given. Certainly, the consumer needs protection, but on the other hand, I think our small-business community

needs protection too. It's a balancing act between the two of them. Without the small-business men out there being protected somewhat and being able to stay in business, you won't have to worry about the consumer because there won't be either.

Mr. Chairman, basically I want to take a couple of seconds here, because I want to get some response from the minister with regard to a couple of areas of the estimates. In particular, under vote 3, I notice that the area of regulation of credit unions has increased some 441 percent. I'd like some response as to why we're increasing that regulation. I assume it's in relationship to the bailout and what have you and a little more control over these people, but at the same time, I wonder why these kinds of dollars for regulating a particular area.

In the area of the regulating of real estate, it's my understanding that last year we gave the real estate industry a self-regulating Act. I'm just wondering why we've got to spend those kinds of dollars when they have that self-regulation to the degree they have. Do we have money set aside in some budget to regulate doctors, lawyers, or anything like that? I'm just having some difficulty with those things. Of course, I will continue to have those difficulties unless the minister can satisfy my inquiry.

Generally speaking, the other area is the Automobile Insurance Board. I don't even know what its function is and whether it has any power to do anything. The manner in which insurance costs in this province and what have you by the private sector — it's difficult to understand why we even have a board, considering that the private sector does the whole thing. I guess if we had a socialist attitude in the province and wanted to do what they do in British Columbia or Saskatchewan and let the government run all the insurance, then maybe we'd need a board. But I often wonder, when we're talking about deregulation and what have you with this government, why we're increasing the costs of regulating various industries to the extent we are, especially in those particular areas I've identified here this evening.

I'm a little concerned about not deregulation to the extent of over-regulation. I think we need to find that balance, but at the same time, we've got some intelligent citizens and consumers out there. Let's not think of everybody as being unintelligent, if I should use that term. I don't think we give consumers enough credit. At the same time, I think we give corporations, whether they be small or large, a lot of discredit. Certainly, there are areas that need to have some regulation. Again, I'm concerned about over-regulation and that if we did what the hon. Member for Spirit River-Fairview suggested, boy oh boy, we'd have regulations, rules, studies, and God only knows what, coming but of our ears. For what purpose? I could make some suggestions related to that, but I'm sure the minister is quite capable of doing that herself.

Thank you.

MR. MARTIN: It's always a pleasure to follow the Member for Calgary McCall. I don't think he listened to what was being said. He has his own prescriptions, no matter what anybody says. I want to go into different areas, and I'm sure the minister would be disappointed if I didn't continue our conversation about the Securities Commission. I will come to that. I have a couple of other areas. First of all, just as a quick question, I'm interested in the role of the Consumers' Association: if there's a close relationship, if

they're in touch with the minister, and if there is ongoing consultation. I'd be interested in that.

The minister made some general comments dealing with financial institutions. I know that in the past, and there's probably some truth to it, the minister has said that people didn't know which type of institution they were dealing with, what the role of that particular institution was, and that they would be moving in the direction of trying to clear that up. I certainly have no objection to that. But I think it may go a little deeper. Perhaps we learned a lot during the '70s in the boom times. The minister has had some discussion about this. I wonder if there's a way to look at how much we allow people who are serving the public as a financial institution, be it a trust company or whatever, to go into one area. In other words, many of these trust companies went into difficulty, and I expect it was true of other financial institutions in western Canada, because they were getting into the speculators' game much more than they should have, regardless of the regulations. Of course, many of them were into land development, and then when the recession hit, they had too many of their marbles in that one basket. I wonder if we've come at it in that direction, if you're going to be serving the public — somehow to look at a balanced portfolio. I don't have an easy answer here to suggest that it should be 20 percent this, 20 percent that. But have we looked at the possibility that there has to be, as I call it, a balanced portfolio? That might have solved at least some of the problems. It seems to me that the assessment was that things were going to keep going up and up and up, especially land. That was everybody's experience during the '70s. If you bought a house or anything, it was going to keep going up, and we were all living a bit in that area.

Certainly for financial institutions that are taking peoples' money, and admittedly many people don't know all the differences between the different institutions, I think there should be some guidelines that they have to operate under. I'm throwing it out as a possibility. I wonder if we're looking at that area specifically.

The other area I'd like to comment briefly about, as did my colleague from Spirit River-Fairview, is consumer education and specifically the schools. I know there are various philosophies in the school system. I've heard them myself from time to time. I guess I tend to think that some of the things we say are frills or less important are perhaps more important in how we govern our lives later on, and this is certainly one area. If we can somehow teach young people — I don't think it starts in grade 12 or with one course. We have consumer courses in grade 10, or at least we used to have, but very few students took them. Some of them were okay, I suppose. It depended a lot on the teacher. But this idea that we get into varying philosophies of education — unless we're taking just the academics, the education is worthless.

I've sometimes said that for a lot of people, for most of our students, if they know how to get a bargain or if they know, as you put it, how to handle credit, that would be better for their long life ahead than learning chemistry. It would save them a lot of chagrin, because one of the major impacts — consumer education doesn't go just there. If you study what causes divorces and family breakups and all the rest of it, one of the first things that happens in a family has to do with fights over the bills and not knowing how to handle them, and these sorts of things. So I for one am a firm believer that this area of consumer education should be very much integrated into the classroom, even

much more than it is now, because it is very much a hit and miss situation in the schools, as I recall.

From the minister's comments I wonder if she's had any ongoing discussions, perhaps with the Minister of Education, about this matter, and if there's anything she could update us on that we might look forward to in the educational system.

Before I get to the Securities Commission, the other area — we have to come at these things as many different ways as we can with government. I know this doesn't necessarily fall into the minister's department alone, but I expect that the minister, as a representative of the Executive Council, presents her ideas. I see the Minister of Transportation is here. He has told us that he believes seat belts are a wise investment but that at this time we're not going to make them mandatory because it's too politically hot at this particular time. It's not exactly the words he used, but I'll interpret them the way I like in that case.

I wonder if the minister is aware of or has had her department take a look at this whole issue — not necessarily pushing the minister to bring in mandatory seat belts but part, if you like, of public education dealing with seat belts. The Alberta Safety Council basically took American figures and tried to take our population in Alberta to see what it's costing. Besides the idea that we know they save lives, there are some very interesting figures. For instance, they mention that vehicle accidents cost insurance companies, employers, in the order of — and these are the things they list. They feel it would be roughly, in Alberta figures, \$10 to \$12 million in lost wages, \$10 million in personal injury or death insurance claims. They say that 30 percent of car accident victim deaths could be prevented by mandatory usage of seat belts; therefore, it is fair to assume, unless we have a study otherwise, that 30 percent of the above-noted cost could be saved and result in lower premiums. This is the consumer side of it. Theoretically, if people would buckle up we would have lower premiums.

They go on in this study to indicate that in the U.S., each highway death costs an average of half a million dollars. Besides the death, which is a tragedy, half a million dollars is a lot of money. That half a million dollars, Mr. Chairman, covers police investigation of the accident, the coroner's reports and fees, the fees which accrue to lawyers, et cetera, but it does not include the insurance payouts. That's a different thing. A lot of public employees, from ambulance operators to vital statistics employees, become involved when a car accident results in deaths.

My point is, Mr. Chairman, that if we could reduce the number of vehicle deaths, we'd save the public purse a great deal of money. I think we agree on that. We'd also save the consumer dollars on car insurance, because the severity of injury and incidence of death is so drastically reduced when buckling up is mandatory.

I think my stand on this particular issue is well documented. I think the Minister of Transportation says he wishes people would do it. Our figures are that only 19 percent of the people in Alberta are doing it. Of course, where they have laws, it's over 60 percent. Has there been any thought to doing studies ourselves or taking some of the figures from other provinces or the United States or elsewhere in the world and using that as part of a voluntary campaign to get people to buckle up? It seems to me that these figures are significant. When we're talking about tough times and all the rest of it, if we can save the amount of money they're talking about, it makes a lot of sense.

Let me move from there, Mr. Chairman, into the whole area of the Securities Commission. I appreciate the remarks of the minister, because we do have a hodge-podge of different financial institutions and federal and provincial laws, and it becomes very confusing. I, too, have read that the federal minister is moving in this direction, I understand, opening up the competition a little more among the various financial institutions, with some people saying it's a good idea, others not.

Let me go into the Securities Commission. I appreciated the remarks about judge and jury and being impartial and all the rest of it, but the fact remains that the Securities Commission is still working under the mandate we have in the province at this particular time. It may be that there's a different role or something, and I'm sure the minister will come back at that particular time. But it seems to me that the commission is a very important board in each province. We're specifically talking about Alberta. I'm not going to drag — as I've done with the Attorney General. Rather than doing it just for the sake of — there's not a lot we can do about the Dial Mortgage situation. But I said to the Attorney General that the problem that remains when something like that happens and a mistake was made somewhere is the danger — the worst part of that is that people begin not to have faith in a lot of things. Rightly or wrongly they believe something is deliberately wrong. I don't believe that, but I know there is a cynicism that has developed because of that situation. The feeling is that certain people are hard to catch, if I can put it that way.

I guess we should try to track it down, because in question period it's not always the easiest thing to do. The Attorney General made it clear, and we had that discussion in his estimates, that criminal charges would not proceed. But if you recall, at the time my late colleague said it would appropriately be with the Securities Commission. We indicated that in the securities commission Act, there was a time limit of a year. Obviously, the Securities Commission felt that they had it within the year, and that was the big debate in court. It seems to me a pretty serious matter, because the courts have ruled that they are wrong. Again, to many people, you have the case of some powerful people getting off on a technicality — at least in their minds a technicality. I recognize that in law a technicality is as good as any other way to get off, but I don't think the Securities Commission is particularly happy about the way it went.

I don't know where it went astray, but the reason we brought this up before is that it certainly wasn't settled to anybody's satisfaction; I hope not to the minister's satisfaction. What I still don't understand, and I don't want to necessarily be stubborn about it — when we read section 33 of the Securities Act, we felt that it empowered the minister, wherever she felt it a necessity, to order a special investigation of any aspect of the administration of the Act. It seemed fairly clear to us. In question period I got the feeling that perhaps that wasn't the case.

To narrow it down a little bit, Mr. Chairman, can the minister confirm what the existence of this power means? If she agrees that she has that power, then without us rushing back and forth in question period, why didn't we take a look at this in terms of the Securities Commission? I say that not for a witch-hunt, but if it was proven to the minister's satisfaction when she looked into it and she could come back and say this and this and this happened, certainly it would be better for the people at the Securities Commission because they wouldn't be under the cloud but, more important, in the future the same mistakes would perhaps not be

made. I guess I'm asking a double question there: what that power means under section 33 and if the minister agrees the power is there, why we would not move in doing this.

Following up on section 33, just so we understand a little more what it means, have the minister and her department developed any parameters or guidelines when such an investigation is warranted under section 33? It seems to me it's fairly broad. Maybe the minister is interpreting it in a much more narrow way than we are in the Official Opposition. I'd be interested in the parameters and guidelines. I recognize that the minister is saying the Securities Commission is a quasi-judicial board, but like all quasi-judicial boards — and it's similar to what I was talking about with the minister of energy — they still have to report to the elected people. That's what we are elected to do. Specifically, they still have to report to the minister, because that's her department.

Following from our comments in question period to the minister, how do we deal with quasi-judicial boards? Do we have any broad policy regarding what happens if it's determined that the commission — I guess it could be any quasi-judicial board but, in this case, the Securities Commission — was not administered competently? What recourse do we have then? Surely they still have to somehow be responsible to us, at least in my concept of ministerial accountability. They can't operate in a vacuum. I know it's a fine dividing line between meddling, if you like. You don't want to have politicians meddling, but there has to be some responsibility back. I'm wondering how we do that, how we deal with these quasi-judicial commissions. If we don't have that step, then they're operating in a vacuum, on their own. I don't think that's the purpose of them or we wouldn't have a securities commission Act, and the minister wouldn't be responsible for that. So, Mr. Chairman, I'd be interested in those comments.

The other area deals with Dial. Can the minister update us on where it now sits? I believe there are hearings on — I believe the term was "possible discipline measures" against some of the participants in Dial Mortgage. Is that still going on? When will a decision be made on that? I'm interested, too, and following from that, what that means precisely. For example, if they find the people guilty, what does that mean? What penalties are there, and where would that sit at that particular time?

With those comments, Mr. Chairman, I await the answer of the minister.

MR. GOGO: Mr. Chairman, there are several points I want to raise with the minister in committee study. For those that don't think the department has a particular significance for Albertans, I note in the annual report that there are over 39 statutes that come under the minister's responsibility. That's a very significant number. That's one-third of the Attorney General's. Last year there were some 103,000 calls or complaints to the department. I'd be curious as to what other department of government would get as many calls or complaints. Very clearly, it's an integral part of Albertans' lives in terms of the role of the department.

First off, Mr. Chairman, I'd like to — I don't think it's been done — formally commend the minister for all her activity in dividing up this lottery pie. For many years we were persuaded to buy a lottery ticket to help amateur sport, only to discover that they were getting about a dollar per capita. Now they get a very significant amount, almost one-third of the pie. I know that the minister particularly

worked very hard to achieve that, and I want to formally commend her for that.

Secondly, with regard to the corporate activities, I note on page 30 of her annual report — and she's asking for passage this year in the estimates — that there were over 1,000 new certificates of incorporation per month last year, but there were also 1,000 dissolutions per month. I'm a little curious. Would the net effect be zero in terms of incorporations? Obviously not, but the minister may want to comment, because they tend to balance out. The new with the old end up zero, and we know that's not true.

Mr. Chairman, the Member for Spirit River-Fairview touched on security deposits. I don't often agree with him, but I certainly agree with him in this case. I look forward to his supporting Bill 212 when it comes before the Assembly. Frankly, we as legislators have put into law certain laws, and I think that the least we can do as governments, as legislators, is to see that they're enforced. We either get it off the books or enforce it. I'm very encouraged by the minister's comment that it's actively under review. It just shows again that this is a government that's prepared to listen, prepared to provide justice, certainly social justice, notwithstanding those who happen to think that free enterprise is freedom to do whatever you want. It's not true, as the member will find out when the minister resolves that particular problem, which happens to be close to the heart of the Member for Lethbridge West.

Mr. Chairman, I wasn't here on Friday but I read the press, like other people, and reference was made to insurance, car insurance and so on. I've been opposed, and always will be, to being a member of any jurisdiction that convicts people without an offence. We do this year after year. We charge 18- and 20-year-olds with unheard of penalties, with no conviction at all, and stand up and think, "Hey, that's free enterprise." The premium of a 50-year-old with five convictions is lower than that of a 20-year-old who has never been convicted. Some members of this House continue year after year to maintain that that's right. They think that's right. I only ask them to cast their eyes to other jurisdictions where in the insurance field social justice seems to rule and people are not convicted without a trial, certainly not convicted in terms of insurance premiums if they've never had an accident. For some reason, around here it's just. Everybody says that's fine. I sometimes wonder at the thinking of certain members of the House that seem to always have a vendetta on to pick on young people in this province who've never had any offence at all but because they're young they're guilty, by virtue of the fact that they either have long hair or are not 21 years old. I remind members of this House that when you leave, you'll be replaced, and hopefully some of you will be replaced by some of those young people who will perhaps have a different view of social justice in Alberta.

Mr. Chairman, the minister made reference to Abacus Cities. None of us wants to dwell on that. I think the lawyers or the accountants — I'm not sure; I have trouble keeping them apart. Already \$3.5 million has been paid out; we're faced with another \$3.5 million, I'm sure. I think the bill is currently \$12 million for an investment where people were encouraged to invest not for the merit of an investment — that's *passé* — but to save income tax. Here we are. Who invested? Obviously, not the average, run-of-the-mill person. It was the so-called professional, looking for tax savings. Now we're spending I don't know how many millions trying to justify and equate. It just makes me shake my head when I think that we spent all

that money on the Abacus Cities investigation, and I don't think we're finished by a long shot. It's been going on since '76, and if the minister says \$3.5 million, so be it. When the Minister of Municipal Affairs was in the chair, we'd reached \$11 million. I don't know how we came down so much, unless there was a refund.

Mr. Chairman, class A fairs come under the minister's jurisdiction. I think it's been a very wise move. There was an initial negative reaction from agricultural centres when they moved class A fairs from Agriculture to Consumer Affairs. People were a little uptight, and I can understand it. But since they've met the minister and had the privilege of working with her, I think that attitude has changed dramatically.

Mr. Chairman, Expo 86, as we all know, is well under way in British Columbia, and we're building a pavilion to the tune of \$6 million or \$8 million. A provision of putting up that pavilion is that you remove it. I know the minister is aware that the Lethbridge Exhibition has said, "When they remove it, instead of dumping it in the water" — because that's where it's sitting now, on the water — "it's got to come back to Alberta." The Lethbridge District Exhibition has requested that that be sent to — the University of Lethbridge doesn't want it. Calgary of course doesn't want it; it wouldn't measure up in Calgary. Edmonton is not interested. But Lethbridge would like to have it at the Exhibition. I think it would be so in keeping with an agricultural innovation centre where the cradle of agriculture is in this province, as the Member for Rocky Mountain House knows. Mr. Chairman, on behalf of that board I would seriously solicit the minister's help in having that brought back to Alberta, particularly southern Alberta.

Two final comments, Mr. Chairman. Reference was made by the Leader of the Opposition that we should do more consumer education in our school system. When one looks at the curriculum now of 23 or 25 hours a week — if, from what the hon. leader is saying, we need a 200-day school year, fine; let's do it. Quite frankly, the school teachers of this province are overworked now trying to get into the students' minds within a 23- or 25-hour week, and he wants to add on a whole new element in terms of consumer education. I don't see how that could be done unless we're prepared to let the three Rs go. Something's got to give. But if, with that statement, the hon. Leader of the Opposition is endorsing a 30- or 35-hour school week to look after the billion dollars worth of buildings we already have out there and the \$7 million worth of libraries we lock up every summer, I would certainly support him. I think it's a wise move. All we have to do is convince school boards in this province that it's a good idea. I really will support the hon. leader in his endeavours to get consumer education in the schools. Obviously, the place to start is at Barnett House.

The final comment, Mr. Chairman, touches on interest rates. Reference has been made to them tonight. Very clearly, it's fair to say that Alberta consumers are probably not well informed. It seems to me that you're not really a good consumer unless you have a Sears charge card. As members of the committee know, they charge 28.8 percent per annum. If anybody else did that, we'd want to lock them up. But because it's Sears, the family shopping centre, "Hey, man, that is good stuff" — 28.8 percent. Visa is only 15 a year; I paid it today. Yet very clearly here is a discrepancy of 13 percent. That's over 1 percent a month. Somehow that has escaped everybody's attention. In my understanding of arithmetic, 28.8 percent for every hundred dollars purchased

that you charge is \$28.80. It seems to me that if we encourage people to have more consumer credit, you can't have it without paying rent for the money.

I'd be inclined to suggest that if consumer affairs wants a new kick, the greatest campaign ever seen — next to AADAC, mind you — is the Before You Go Under campaign, which I think did marvellous things for Alberta consumers. It put them in a situation where they were aware of what the results would be before they did something. I think that's the most successful campaign in the country, and I certainly encourage that it be continued, except this time I suggest that interest rates be a primary consideration with all education. As long as people are aware before they do it, not after the fact, then they only have themselves to blame.

Thank you very much, Mr. Chairman.

MR. LYSONS: Mr. Chairman, I have a few remarks I'd like to address to the minister, if I may. Firstly, I'd like to thank the minister wholeheartedly for the effort she put into credit union backstopping and revamping the credit union system as we know it. Certainly, the philosophy of the credit unions should remain the same, but there have to be some changes there. I'm looking forward to the new regulations proposed for credit unions and will be going over them very carefully.

Another question I have for the minister, Mr. Chairman, is Dial Mortgage. I understand there was a prospectus given out by Dial. There were some shares sold in that prospectus. If the minister could, tonight or by letter but so it's brought to the House, I would like the number of dollars in shares sold, the amount that's in trust, and the amount that's been returned to the purchasers.

With that I'd have to say that perhaps everyone has experienced a great deal of financial shock in the last few years. I know the work in your department has been the most difficult probably in living memory because, as the previous member said, with credit cards and the rates of interest, no one who was ever educated could have expected the interest and financial shock that has rocked this country and indeed the whole world in the last few years. I guess we were really very fortunate here in Canada compared to some other parts of the world where they have 100 percent inflation and so on. At least we didn't have that to drag us down.

I would certainly appreciate if the minister would be able to discuss the credit unions and Dial Mortgage. Thank you.

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

MR. McPHERSON: Mr. Chairman, I'm prompted to jump to my feet, if I may.

MR. DEPUTY CHAIRMAN: The floor is yours.

MR. McPHERSON: Just before the minister responds, I'd like to offer a couple of comments, almost in rebuttal to my colleague and good friend the Member for Lethbridge West on a couple of points he raised. I must say in frankness that he argues a number of issues before this House more effectively than do members opposite on some of the issues he advocates. He does it very well.

I want to make a couple of points with respect to what I feel should be a caution, notwithstanding the very eloquent

way the Member for Lethbridge West places the case with respect to discriminatory insurance rates in the automobile insurance industry. I'm not strongly advocating any particular way, but I think there is room for some caution. If we start to have some understanding of the insurance principle, if we start to understand that what an individual is really doing in transferring a large risk, or what could be a large risk, from him to an insurance pool, that risk to that insurance pool surely has to be commensurate with the risk he places into that pool.

The statistics are well established in relation to all kinds of insurance mechanisms, be they general, life, or anything else. I offer to you an exhibit of the Alberta age and sex of drivers involved in serious collisions in 1983.

MR. GOGO: Who wrote it?

MR. McPHERSON: They're documented. I hope they're true; I expect they're true.

MR. GOGO: Who sent it to you?

MR. McPHERSON: We see that under 16, the collision rate per 1,000 of licensed drivers for males is 17.7 and for females is 7.8. There is a considerable difference in those rates. The fact is that between the ages of 16 and 29, the numbers are substantially higher within that age group than they are in any other age group. That happens to be a fact.

Mr. Chairman, one may argue, as the member has done, that surely those individuals should be convicted. My only point is that those over 40 have not been convicted of any particular driving accident, and you can rest assured that if we're going to maintain the insurance principle, there is simply going to be an exchange of rates from young to old. If the member wants to make the case that the 50-year-olds, who have had many, many years of clean driving and a clean driving record, should be paying a much higher premium than they are now, that's all that's going to happen. He makes the case. That's fine. I just think there should be caution in examining the overall situation.

The other area the member raised that I would like to comment to the Minister of Consumer and Corporate Affairs on is with respect to — and I think I heard him very strongly advocate for the international agricultural exposition in 1989 . . .

MR. GOGO: 1986.

MR. McPHERSON: 1986? Ah, then I think I'm dealing with a different fair than was articulated.

MR. GOGO: I'm supporting Red Deer then.

MR. McPHERSON: The minister may very well know that the Westerner Exposition is putting together a very comprehensive study, with the assistance of the Minister of Agriculture, with respect to an international agricultural exposition for 1989. I understand the city of Lethbridge once gave consideration to that one.

MR. GOGO: They bowed out in favour of Red Deer.

MR. McPHERSON: Exactly. I thought you were advocating the same thing. In 1986 we'll support each other on that.

Finally, I'd like to perhaps make a couple of comments with respect to the minister's responsibilities as they relate to class A fairs. She's doing a yeoman's job in that area. Perhaps, just to offer the comment to the minister, as she's well aware, the Westerner Exposition has some particular interests in a coliseum in the city of Red Deer. My view is, of course, that that will be primarily a city-sponsored function, but there have been a number of representations to the minister with regard to discussion on provincial participation in that particular project. I know she's well aware of a variety of delegations and is on top of that at every minute.

Mr. Chairman, I was just prompted to rise in my place and offer some comments with respect to insurance. I suppose I could also speak briefly to the area of security deposits, but I'll leave that for another debate.

MRS. CRIPPS: Mr. Chairman, I'd like to speak for a minute before the minister has a chance to rebut. The Member for Red Deer prompted me to speak when he talked about transferring of risk. We're now insuring on the basis of an accident, an accident of birth, sex, and age. It depends on when you were born and what sex you were when you were born. The insurance figures the member reads are probably true, but those figures don't tell how many of the 16- to 25-year-olds had four or five or six accidents and how many had absolutely none. So each driver is being judged purely by accident, the accident of his birth, sex, and age, and it has absolutely nothing to do with his driving ability. I think that's despicable.

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

MRS. OSTERMAN: I hope I have kept proper track of all the comments that were made here tonight. I was just going to make a personal observation that it's interesting that the chairman is who he is tonight and isn't in the debate.

MR. DEPUTY CHAIRMAN: It might be an easier [inaudible] debate too.

MRS. OSTERMAN: Mr. Chairman, I'll start right off the top going through the questions and observations that were made, and we'll start with the Member for Spirit River-Fairview. The member raised first the prescription drug area and spoke to a report that was done in Saskatchewan. It was done in a very similar time frame, as I recall, just soon after the one that was produced in Alberta. I think it's very important to note that there were a great many technical questions raised as a result of that report. The area I recall, and I did go into it with staff in the department and those in the prescription field, is that the comparisons were not appropriate. There is a great deal of difference even in looking at the name of one particular drug and getting into the strength of that drug. It's very, very hard to take very many drugs and compare them right across the board, because the prices that are offered are not offered for the same amounts and strengths, for instance.

This is a highly technical area, but as I recall, doing the comparison between the two drug studies, and certainly for our research staff to look at drug prices across the country and find the very, very precise drug — its strength, its amount, and so on across the country — was not an easy task. That is why we stuck to a narrower field of

comparison, and yet those drugs that were compared in the Alberta study were drugs that were known to be among the most widely used in terms of volumes and across the country. So we believe that our study was technically very accurate.

The hon. member raised the matter of generic drugs. Interestingly enough, Alberta has had legislation that allowed for the use of generic drugs just about as long as any other jurisdiction in Canada, and yet it hasn't been widely picked up. I've raised that question with a number of people. Is it because physicians are giving a precise prescription and consumers are not asking what the generic equivalent is? That's some of it, I understand. The Consumers' Association said that they, too, are distressed. They encourage their members to ask for generic equivalents. It is not happening. I don't know whether there is a lack of faith in the product that's offered. Certainly, those products would be widely tested. They would be very appropriate to be used; otherwise, they wouldn't be on the market. I think we have to do a better job of suggesting to consumers that they ask for the generic equivalent.

The hon. member was next into the used car area. I suppose I should be very pleased about the faith the opposition has in the department's ability to be all things to all people. But unfortunately, I just don't believe that. We are human like anybody else. I love to think that I and the staff of my department could give advice on almost any issue. If I can get into a bit of a philosophical bent here for the hon. member to understand precisely where I'm coming from, and maybe he already knows that, I'm concerned that if you put a cane in the hand of every consumer in this province, they're going to lean on it. Maybe the cane isn't always going to hold up. That's government regulation and government advice, if you will. I'm very concerned about that.

If consumers are out buying a used car, all they have to do is get an accurate assessment from an appropriate person about the state of that car. There is absolutely nothing stopping them from doing that. The fact that they don't leads me to conclude that, at times, we still haven't convinced consumers to help themselves to some degree. Maybe it's because they believe and hear messages that government should do everything for them.

For the benefit of the hon. member, and I know the hon. Leader of the Opposition also raised this, it's interesting to note our relationship with the Consumers' Association of Canada, Alberta branch. We have an excellent relationship. Those people very much believe in providing good information so that consumers will use their own judgment. Their judgment shouldn't be substituted for by other people. We have an excellent working relationship. I meet with them regularly. We assisted them in getting some space for their offices, in order that they can do what it is they do best; that is, look at the consumer information and questions that are arising on a day-to-day basis in the marketplace, make observations about them, and encourage people right across the province to make observations about the marketplace, about goods that are being offered. There's nothing like good competition and the consumer having the information in hand in order to pass judgment, as they only can do best themselves. So while I sympathize to some degree with consumers that are faced with an array of options out there, I think it moves us all as we're in a fast-changing marketplace, to equip ourselves with appropriate information and make those judgments ourselves.

Metric was raised and the comparison shopping. What do we have to have in hand? At the age I'm at, I haven't

moved entirely to metric. In fact, I've very firmly resolved that they'll never talk about the number of acres that Joe and I have and translate it to that other language that has been raised. [interjection] Some of the younger members in the House are going to make comments, and we'll resist responding to them at this time.

The federal government has the responsibility for labelling. So in those areas that are brought to our attention, I certainly make the federal minister aware of any concerns that are raised in the Alberta jurisdiction with respect to what is under his particular portfolio. Labelling is the federal minister's responsibility. The marvellous array of things we are faced with in the marketplace leads us to conclude that we have to have a very watchful eye on what is being offered. I'd hate to think that we have to take the calculator with us. I never learned to use a calculator; I used to take a pencil and pad with me to try to judge what was the bargain of the day. But it's appropriately raised. I think consumers across the province, when they spot what they believe to be any misleading information or information that is masked on labels and so on, should raise that with the federal minister or the federal Members of Parliament.

The hon. member raised Sunday shopping and the possibility of a number of studies that could be done. First of all, I would observe that the Minister of Municipal Affairs has spoken at length about that question and what responsibility the municipalities will have should they choose to take it or citizens choose to raise it with them. That responsibility as I understand it, and I could be corrected here by any members who have additional information, has already been taken on by municipalities in British Columbia. As I recall, that's a number of years ago, with possibly a different administration with the same philosophical bent as the members sitting here tonight in opposition. I would say that the hon. members can do their own research and take a look at those jurisdictions that have had municipal responsibility and where there are communities close to one another with differing bylaws with respect to whatever rules they have governing business. I'm sure that information is available and can be sought out.

Damage deposits. Of course, we do have the court case. Not all of us are fond of always having to wait for decisions with respect to an area that impacts so much on many, many of our citizens who have already been faced with the possibility of a loss of their damage deposit. But there is a case still under appeal that could have a major effect on, if you will, the recent past with respect to damage deposits.

In getting into now and the future — and, of course, the hon. Member for Lethbridge West also raised this — I would make a couple of observations. First of all, those jurisdictions which, for instance, have trust provisions already have very large bureaucracies dealing with an array of landlord/tenant legislation and the kind of regulation that has gone into rentals and so on, the whole area of rentals that is to some degree still under legislation in a number of other provinces. Those provinces, of course, have a bureaucracy in place. It would be a huge additional cost to take a look at trust provisions in this province. As I understand it, a breach of trust is a criminal offence. Imagine those operations, and we have thousands and thousands in the province, which we describe as mama and papa operations, that don't always know what the law is in an immediate sense. I'm wondering what would happen if you couldn't communicate a major change in law of that nature. We don't have the bureaucracy that registers all those particular tenancies with respect to the individual, whether it's the

basement suite or a fourplex or duplex, whatever, that is often managed and owned by a single family.

So to talk about trust provisions raises the spectre of being able to communicate that very, very serious matter on a provincewide basis and make sure that every single individual knows about it. As we all know, ignorance of the law is not an excuse for having broken the law. Looking at the hundreds of thousands of trust accounts there would have to be, would the public and should the public expect that there's a bureaucracy in place to monitor every trust account? If the trust account wasn't there, the tenant possibly loses it in any event, and then how does the tenant feel about the department's inability to have known that every single trust account was in place?

So while there is maybe more insurance on one side, for a number of tenants there is also a fair downside to the particular proposal. But we do have a number of proposals under active review. Certainly, I will answer in the House for that review that's presently ongoing, because we have many members who are very interested in that area and, obviously, very interested in the court case that's presently under way with respect to the appeal.

The education area is one that was raised and an observation was made. I'm sorry I didn't address that when I dealt with education. It just slipped my mind to note that in the budget document, when you have a comparison with last year's estimates, what has occurred is that last year's estimates now incorporate some very major funds that were taken from other areas in the department and put into education for educational purposes. So we started the upgrading last year. The original estimates for last year's educational purposes were some \$288,000 as opposed to what the hon. members now see, \$512,400. As I understand it, there is an automatic incorporating into that area, and that's why you see the large amount. It appears as if there hasn't been very much in addition to last year's estimates. I would also say that because I did not believe I could ask my colleagues at budget time to buy a pig in a poke, so to speak, with respect to what areas we may address in education, if we have additional plans that need some major funding this year, I would certainly be going to my colleagues and asking for special funding. As I said, the review process, the educational conference, has been held. There are many, many ideas. As the months go by and we settle on some major initiatives, and we conclude that we can do them this year and that there isn't sufficient funding in the budget, I will be making the case for additional funding. I expect that a lot of hon. members would support me in that particular case.

In our philosophy regarding regional offices, I see them taking on more and more importance. If the hon. member is wondering why, for instance, the budget hasn't been enhanced, I would say that the type of, if you will, ingenious use of people's time, as management and regional office staff have gone through the roles they have, where at one time we might have seen specialists, somebody in possibly one area of regulation of the department — it could have been in areas like real estate; it might have been in the area of credit unions. We had people who had a very narrow focus in terms of what their particular job was now becoming generalists. That is, if one person makes the trip to Vermilion-Viking — the hon. member was participating in the debate — constituency, one officer can now deal with a number of subject areas. There's a far better use of time. We see those economies in a reduction of or at least a maintenance of staff, if you will, at the regional

level in the officer area and at least as good a service being supplied.

The debate has to be held, I suppose, looking at a number of areas that regional staff gets into in assisting consumers across the province and those people with problems that are not directly related to regulation under any particular piece of legislation. The hon. Member for Lethbridge West raised that, the number of pieces of legislation we have to administer in the Department of Consumer and Corporate Affairs, and yet going beyond that, we still have regional staff assisting people in areas that aren't even under our particular ambit. The questions can be raised: if you're looking for efficiencies, how much service should you actually be delivering, and how much are the taxpayers willing to pay toward that type of informal advice that is given? That's an area that still has to be addressed, because we're doing a great deal of that. From time to time, in looking at what work the department does, the question is raised with me as to whether that's an appropriate role for officers in the regional areas.

The hon. Member for Calgary McCall raised the question about the rather large increase respecting credit union regulation. That's one other area I didn't raise in my initial comments. I say to the hon. member that I'm glad it was raised, because I had forgotten to touch on that area. That particular sum is for this year only, in terms of that big increase. It deals with the expense attached to the task force. I am expecting that the task force will have concluded the majority of its work by the end of June. Certainly, there may subsequently be some additional role for them, but basically that should conclude all the expenses to do with the task force for the '85-86 fiscal year. It's a one-time-only expenditure, for the benefit of the hon. member who wonders what kind of annual amount we're getting into in this area.

The hon. member also raised the real estate regulation area and the fact that there hadn't been a noticeable change in the estimate there. The real estate industry is not totally self-regulating. The first step was taken, and for the benefit of the hon. member and others who may need to recall the legislation that was passed last year, that was the the delicensing of salesmen across the province. The real estate agents will become responsible for those people who work for them. That does not mean that salesmen won't be duly qualified, because they're still going to have to pass the exams that have historically been in place — the educational course and then the exams. We did not see the need to license people. It's a way of doing some regulatory reform, if you will, because agents are certainly able to take into consideration the qualifications and conduct of those people working for them.

The area that the real estate people have taken responsibility for is a phase-in of an assurance fund. While there's still some bonding in place, the real estate industry will soon have total responsibility for an assurance fund, a security that will be in place of bonding provisions, that will guarantee the public on the basis of the number of people who are working for each agent. There is a real estate registry that will register every single salesman and agent across the province. That way they will be assessed on the basis of the risk of each company, depending on the number of salesmen working for the agents.

The hon. member also raised the Automobile Insurance Board. They review the requests made for changes in premiums that relate simply to the mandatory provision for insurance that we have. They do not have any authority to

address areas outside mandatory insurance. Any company that wants to change their premiums must have that vetted and concurred in by the Automobile Insurance Board. The board has access to the actuarial expertise. For the most part, I understand that expertise comes from outside the country, so there will not be sort of non-arm's length recommendations made by actuaries who work in Canada and who may do work for the insurance industry. Those people make their observations, and they are indeed arm's length.

The hon. Leader of the Opposition made quite a few observations and raised some questions. I think I've addressed the Consumers' Association and our relationship with them. I trust he will recognize that the department, the minister, has had a good association with that group. He made some excellent observations about the regulation of some of the financial institutions. Obviously, the only institutions we are going to regulate are those that have some sort of insurance policy attached to them — trust companies, for instance, that have had the same problems as some of the banks and credit unions have had in the real estate area.

First of all, for the benefit of the hon. member, categories for investment are presently in place in trust company legislation. In other words, their base investment is already categorized and a ceiling put on the areas they can get into. From time to time we enter into discussions with the industry about where those investments might be changed, where the percentage might be changed. They have a basket clause that enables them to go beyond any of the particular categories by utilizing the basket clause. What the hon. member really needs to focus on, and I think that's what he was getting to, is who the industry, whatever financial institution, is lending to. What we had in the trust companies, banks, and credit unions was a tremendous amount of lending in the real estate area. Each institution developed their own guidelines as to what percentage they believed they should lend, but I think we all saw those lending institutions raising the percentages higher and higher. Suppose the hon. member asked for a \$100,000 mortgage. The lending institution would say, "What is the property worth that you're requesting this loan on?" The response might be "\$100,000." The lending institution should observe to the hon. member that, "If there's a slight change in this property value, then we're not totally secured. I think we should only lend you 95, because that will give us a little bit of tolerance there." Obviously, 95 percent was too high. Maybe 90 percent was too high in a number of cases. So in the consumer real estate area that deals with homes and, in particular, with commercial lending, which was where the major problem was, the speculative area — the speculators would go to the financial institution and say: "You know, I have a piece of land I can purchase. I'm going to need several million dollars, and I see that the property value is going up monthly. This is a good area to give me a loan on." That was fine for several years, and then we saw what happened to real estate values.

The major problem, as I have seen it and as the lending institutions have addressed it in retrospect, was the percentage that was loaned, based on good appraisals at the time — no doubt about it — in terms of what was happening in the development area. We could hardly keep up with the development that was needed when our economy was just skyrocketing. But as the lending institutions have observed and as my regulators have observed and I am now observing, it appears that the major problem was with where the lending was being done as opposed to what was being done

with the equity base of the lending institution and where they were putting their money for that equity base. That has already been covered, and we see very little problem with respect to that. That was very carefully observed.

Of course, we have seen a number of lending institutions in other provinces in very severe trouble and their governments having to take action in a regulatory sense. For instance, in federal and Ontario trust legislation, they did not have the ability to stop non-arm's length transactions, or self-dealing as it's called. That was not permitted in our legislation. So the major problem was not in any kind of self-dealing or any type of questionable transactions. It really related to the dramatic decline in property values. Incidentally, I should also observe that in many places in the province, there is now a holding of the line and, in some places, a significant increase in property values. We see that by some major developments that are now being looked at in a very serious manner and will have the possibility of getting off the ground in '85-86.

The hon. member also mentioned consumer education and what we and the educational institutions should possibly look at as a priority of what is being taught right through the curriculum. Of course, other hon. members made some observations about the number of days the kids are in school and the number of hours that are actually devoted to the educational process in the course of a week. All of those things are appropriate. While that's being looked at, I would certainly also observe that our department now has a liaison with the Department of Education. Getting into this area and putting together the conference we had, we believed it was really appropriate to take a look at what was actually being done with respect to the Department of Education, so that we could address the question whether in fact curriculum was an area that could be looked at. While there hasn't been a decision made on that, there certainly is a liaison now set up so that that issue can be addressed.

I would say that the hon. Leader of the Opposition's observations made me harken back to observations that are in our white paper on science and industrial strategy. We've talked about education in the business of this province, the way this province functions. That goes part and parcel with people's understanding of the business community, particularly young people's understanding. They ought to know how business functions in this province, the different areas that are our main means of generating jobs in the province, and so on. All of that is very important information as far as I'm concerned, and there is the possibility of dovetailing with that the kind of information we're talking about with respect to business decisions, what risk is about, what deposit is about, and so on. There's a whole area that we could spend a lot of time on, but I think we share mutual concerns. I'm not sure we would direct our energy in the same direction in terms of solving them, but at least the discussion is there; it's on the table. I think everybody should participate in it, because it's very important.

The hon. member raised seat belts. I won't dispute one bit of information that has been put forward. But the interesting thing is, and I guess we all can reflect on it as members, is: what do you hear in your constituency? The hon. member probably has different advice from his constituents than I have from mine. While it is important to note that from my constituency, and I now speak as an individual member — I'm not sure how appropriate that is in terms of my portfolio responsibility, but I don't have responsibility in this area. It's been raised as a consumer issue. I see a change in the attitude of people. It started

with the debate that was held as a result of the hon. Minister of Transportation's Bill, and the subsequent passage of the Bill, that dealt with infant restraining devices. Having got the discussion on the table, people said: "That's fine, Connie. I recognize that we ought to address those people who cannot protect themselves, but what you're saying is that, notwithstanding that I am fully knowledgeable about the fact that these are the risks I'm taking, these are the costs to society, and I'm a taxpayer — all these things — I am choosing to wear my seat belt, but for government not to tell me to wear my seat belt. I am choosing that, and you are saying to me you don't understand the issue."

I guess what we're all really saying is that the issue is going to have to be discussed and discussed. As it's discussed in a fuller and fuller sense, it may be that the public's attitude in a number of constituencies — and I can only reflect on my own which, though it isn't as large a percentage it is still a significant percentage that are saying: no mandatory seat belts, thank you very much; we believe in our freedom to assume the risk and the responsibility as taxpayers to pay for what the hon. member has quite appropriately raised as the horrendous costs for those who don't wear their seat belts and are in accidents.

The last area the hon. Leader of the Opposition discussed was financial institutions in general, and then some specifics and got into a case we're all very aware of. I would reiterate that financial institutions are under review federally. They have to be under review in terms of how we handle our regulation provincially. The historic four pillars are blurred. If they are starting to be blurred in the minds of the experts, what's happening to the consumers out there? Those of us who even work with this even on a daily basis have difficulty keeping up with the array of opportunities that are presented to investors and depositors to leave our money off, whether it's the nest egg or whether we want to take a chance. If we know we're taking a chance, fine; but a lot of people don't even know they're taking a chance. The hon. member quite appropriately points out that this is an area of concern.

The hon. Leader of the Opposition also raised a particular section of the Securities Act that I'm very well aware of. I'm not so sure we have a great difference of opinion about the opportunities that that section of the Act presents to the Minister of Consumer and Corporate Affairs as being the minister responsible for the Securities Act. Where we may part views, if you will, is with respect to when one exercises any questions that a minister would raise under that particular section. The hon. Leader of the Opposition has asked where a particular case now lies. Maybe it's important that I once again say that the hearing the commission will hold will deal with, as I understand it, the very same matters as would have been dealt with by the courts. Of course, whatever sanctions matters that could be dealt with by the courts, and I'm now getting into a general comment here. For matters that go before the court that could be the very same matters the commission might handle, the sanctions are different. So sanctions with respect to an administrative hearing may deal with the opportunity for those people who, in any particular case, may have a sanction against them. It would take away their opportunity to be in the public arena with respect to trading, which is a very serious matter also.

In the particular case the hon. member referred to, I understand the commission has provided public information. There's been a press release that dealt with a period of time in the fall when that case will be heard and a possibility

of some interim discussion, which is all in the public arena, by the way. This is all public. It is not unlike a court case. The matter is entirely public, and I understand there may be some interim discussions that would take place as early as June. In that particular matter, the hon. Leader of the Opposition, the public: all will be able to observe and make their own observations after hearing the case.

Philosophically, as I said in my opening comments, with respect to where we have been and where we're now at in administrative law, whether the style of operations we have are still appropriate to the day and to the type of business activity that's being conducted, I think is very much a matter of concern to all of us and appropriately discussed, because we're in a very fast-changing scene. But to speak to how the politicians get into that process when it's being raised as a result of something that's before — I use the analogy of a case that's before the courts. I don't think any member would be making an observation to a judge about how a particular case was being handled. I hope the hon. Leader of the Opposition isn't suggesting that that should occur, and I don't think he was. I think he was also trying to walk that fine line about what might later come of any particular investigation and observations on how it was handled. Surely, the investigation is completely apart from the tribunal, the board itself, when you have one of these agencies that is both judge and investigator.

As I said, in Ontario that is now being challenged in terms of the ability of the Ontario commission — surely that case has some bearing on how we function — whether that agency, that commission, can be impartial when being responsible for the investigative arms as well. In this situation, that is precisely what we have. Looking at the complexity of investigations as they are now occurring and as they may occur in the future, I think it's very important that we look at whether the particular setup we have here is appropriate and, in an even broader sense, bringing into it a number of other financial areas that are regulated. As the Securities Commission very appropriately pointed out in one of their recommendations in the Abacus report, so many of these companies touch on many areas. It may be appropriate for one body to have the overview of those many areas. I think it's something we'll be looking at and I will be expecting to have a lot of comment on from my colleagues, the public, the business community who are regulated and, obviously, all members in the House who want to comment on that area.

The Member for Lethbridge West — I appreciated the comments about the lotteries and how they have now been able to have those funds disbursed on a much broader basis. He observed some of the figures with respect to the corporations and the number who were continuing. I believe that is one of the areas we're addressing, the continuance feature that was brought about by the Business Corporations Act as it supplants the Companies Act. There was a three-year period in which companies could continue or be dropped. What we have is that period ending, I believe, in February 1985. So there was an automatic dropping from the register of those companies who haven't continued. So for a short while it may create a rather interesting glitch in the figures — those who are registering and those who are being deregistered or not continued.

The insurance area: this is a debate that could go on. I can hear behind me the smile of the hon. Member for Red Deer. Obviously, there are some very different observations to be made about this area. I have to admit that I bring a bias. I try to be objective, but I bring a bias as

a result of history on the Alberta Human Rights Commission and some observations that were made by the commission at the time. The insurance industry was finally moved, several years ago, to start preparing a different statistical base, one that would look at a much wider array of characteristics that you bring into the formulation in addressing the risk area. This is very important.

The insurance industry, at great cost — I'm told some \$25 million in terms of putting together the computers and the arranging for this new flow of information to, as I said, widen the base and address other characteristics of drivers. This statistical base should allow us a much more detailed examination of the present classifications that are used. I don't think there's a lot of quarrelling with looking at a category of people and saying: "It's obvious. Look at what has happened to this category of people. They have by far the largest number of accidents." You can go on and on, but I think we have to step back from that and say, is this an appropriate categorization of people? I have asked the question, and I think it should be looked at. What would happen if — and I know it would take some period of time, because you cannot turn the insurance industry and their classification system upside down based on only sparse information; we must look to the new statistical base to provide us with new information — every driver started out on a basis of how we view our society in any event; that is, if there's been a transgression or you believe there's been a transgression, people are innocent until proven guilty. So what happens if all drivers start out on that basis? Would the young driver that people are now addressing, the young male driver under 25, take a look at the benefit that's offered to all drivers? That is, they're going to have a reasonable rate that reflects the lack of any understanding of what their risk yet brings. They're going to have a reasonable rate offered to them, knowing full well that they're going to be hammered if they have an accident or if their record starts accumulating some points on it that speak to some bad driving habits. What would happen? Would the young drivers consider what it means to them financially and possibly have a change in driving habits and then indirectly affect all of those costs that have been reflected by members tonight? I'm not sure we've got an answer for that question. I think it's an appropriate one to be asked and to be answered.

The Automobile Insurance Board's observation about the present classifications and whether they really allow for social equity is, I think, an important point to be raised. We have in the past compiled our statistics based on these various classifications, and I think we have to ask if there is a different way of pooling risks. As the hon. Member for Red Deer pointed out, we all put our risks into the pool. But one of the things that has occurred is that the young fellow under 25 who is single didn't have an opportunity to say what pool he wanted to belong to. I think we'll have some very interesting, hopefully public, debates on this issue because it's a very important matter. It's long term in being able to address it and really answer a number of questions that have been raised. If people believe, and hopefully members of the Assembly believe, that the Automobile Insurance Board's observations about social equity ought to be addressed, then possibly we can make a statement of some kind, either reinforcing or making observations about what changes may or should take place. After all, if we don't make those observations and we're not sure about those observations, then I have no doubt at all that the courts may make some ruling. They may fill the vacuum

that is created as a result of, to some degree, lack of observation by the Legislatures and maybe Parliament of this country on this very important matter.

Class A fairs were raised by both the hon. Member for Lethbridge West and the hon. Member for Red Deer. Their observations on behalf of those class A fairs are taken into account by the minister, and it's appropriate that they made them. I am interested in Expo 86 and Lethbridge's desire to have the building there relocated to Lethbridge. It would appear, based on my responsibility for the class A fairs, to be a rather good idea. I can't think of another community that's more deserving, if they have intentions of expanding the opportunities for agriculture in that area by having such a site.

The hon. Leader of the Opposition had — in conjunction with education and others' comments about it, I believe the hon. leader is one of the ones in the best position to make his observations to Barnett House. As has been mentioned here, I think we will leave to the school system the opportunities for any changes that might have to take place with respect to opportunity to broaden the educational area and what it may eventually mean. If we come to the conclusion that, indeed, more time is needed to present to our young people a wider array of information that will benefit them in assuming adulthood, I leave that to the hon. Minister of Education and others who would be in a better position than I to approach the teaching profession about that.

The hon. Member for Vermilion-Viking raised the credit unions. I only want to reiterate what I just said, and that is that the task force will be reporting near the end of June. I wouldn't propose any regulation until the recommendations of that task force have been completely vetted. He also requested information about the Dial prospectus. The hon. member could avail himself of some transcripts, that are of public record and could be accessed with respect to the court case, that mentioned that there was, I gather, some \$160,000 raised. A part of that was returned, and other money is being held in trust. So the actual loss as a result of the prospectus may not be that great. Obviously, the type of business that was being done by the company that was unrelated to the public prospectus is where the major losses occurred.

Mr. Chairman, I may have raised as many questions as I have answered. One thing I forgot to mention, that was noted for me by staff, is that in the consumer education area, we now have consumer corners in many, many libraries. There will be some 100 more consumer corners today, as I understand it, than there were last year. So I think that's a bit of good news, because the public will have additional access to information.

Thank you, Mr. Chairman.

MR. MARTIN: I don't know how long we're going to go on, Mr. Chairman, but I have some remarks following from the minister's comments in three or four areas. One of them has to do with the discussion about the financial institutions and the types of loans they were getting into. It's precisely what I meant. I think we both recognize the problem, and perhaps the minister can allude to what the answer might be, what would prevent — it's obviously not going to happen now, in recession. It's the type of thing, I think, that can happen during boom times and then it hits us during the recession. This might happen again at some point. But what are we looking at in terms of the department in their lending policies? They can say, "Government, stay

out", but we know what happens when they go down, whether it be the credit unions or banks or whatever. Governments have to involve themselves to protect people. Governments have to come out and pick up the pieces. So I'm wondering if we're looking at any regulations about balanced lending policies, just to follow up in that area.

The other area the minister alluded to — we could get into debate about individual freedom and the rest of it. I have no qualms about that argument, because when their freedom — and we have stop signs and red lights and all the rest of it — is cutting into my pocketbook, then I think their freedom stops somewhat, when we can make these clear savings in terms of lives and that. It's more the fact that these figures are quite staggering in terms of the amount of money, and perhaps if people knew that these types of things are going ... Rather than her necessarily lobbying for mandatory, although I hope she will do that, I was thinking more of what her department could do to bring those figures out, if there are studies there, if the department is looking at that. It could be another educational process to perhaps bring the 19 percent who buckle up, up to 25 or 30 percent or something, which would save us all money.

The other area is to follow up on the Securities Commission. We can have the debate; admittedly, it's a very difficult one. I just sort of wonder about the minister saying where it now leads to. I agree that's about all the Securities Commission at this point ... I guess my whole point has been that I want to know that we'll never get into this again — what went wrong with the limitations and why the court decided wrong. The sanctions that it's public — and the minister said the only thing different was basically the sanctions, which I think the minister would agree is quite a difference. What the Securities Commission can do at this hearing and what courts could do — certainly the sanctions aren't going to be nearly as severe. Could the minister indicate precisely what the sanctions are. If you did, I'm sorry; I missed it. The other area dealing with the Securities Commission: is there a time frame when this public hearing will be held and we'll know the results of this? Can you just update us quickly?

I have a number of other areas. We could talk about consumer education, but the Member for Lethbridge West isn't here. I could debate him on that, but he's left, so I won't keep the Assembly on that. I would be interested in following up on those three areas specifically.

MRS. OSTERMAN: Mr. Chairman, just quickly, I do have one correction I need to make in how I described the comparison with the consumer education budget. The \$288,000 was the actual spent in the previous year. What had occurred was that other amounts, which came from slots in areas we were allowed to transfer, if you will, were added to that. The \$288,000 was the actual expenditure, and I hope I'm now getting that correct.

For the benefit of the hon. Leader of the Opposition, I understand that the balance in lending policies, and that's an excellent way of describing it, is probably an area that will be appropriately addressed by the Canada Deposit Insurance Corporation. We could get into some legislation that basically the financial institutions have been legislated and that area addressed by looking at where they were allowed to invest their equity base, but no discussion about where they could loan. It's interesting, because the hon. member may be familiar that credit unions historically had just been in consumer lending. It was in recent years that they got into commercial, and in those areas then had a

problem because they were into it at the same time as other people were.

We're very much looking for the Canada Deposit Insurance Corporation recommendations. While we believe that there has to be some difference across the country with respect to institutions and their opportunity to invest and their opportunity to lend — what may be a great business in Ontario and a demand for money in terms of borrowing may not occur in Alberta at all. So while I'm looking to the Canada Deposit Insurance Corporation's new set of regulations, if you will, as may be devised by the minister upon recommendations by the Wyman committee, we have to watch that very closely. On one hand we very much want to possibly address that area in a partial way, but on the other hand not to have it addressed countrywide that would preclude our institutions from doing the business that's logical to be done here that may not fit in with another jurisdiction.

So in terms of harmonizing legislation and regulation across the country, those are the anomalies. We must take great care in whatever legislation or regulation comes forward that we don't have something superimposed on us that may work in Ontario but may not work in Alberta or the western provinces, for instance. Those are areas that will be ongoing, and I think there'll be a fair amount of public debate about it. I'm sure the hon. member will have an opportunity to make observations when, if you will, that other shoe drops. We have the discussion paper the Hon. Barbara McDougall has and, as I said before, the recommendations on CDIC.

I guess the hon. member wasn't listening or was doing something else when I mentioned that there are hearings set for September and, I understand, some possible pre-hearings as early as June. That is all public. That information is always put out by way of press releases from the Securities Commission. So he can access that information at any time and utilize it however he will in terms of observing the public process, because it is a public process. The sanctions that I understand are under the jurisdiction of the commission deal with limited cease trading orders or, indeed, a denial of trading privileges forever, if you will, in a public sense. So for those in the business community, that can also be a fairly severe penalty. The hon. Leader of the Opposition can read the Securities Act and look at the sanctions himself, but with respect to this particular case, that's my understanding.

Agreed to:

1.1.1 — Minister's Office	\$188,260
1.1.2 — Executive Management	\$652,500
1.1.3 — Financial Services	\$309,490
1.1.4 — Personnel and Staff Development	\$267,610
1.1.5 — Research and Planning	\$158,900
1.1.6 — Audit	\$427,810
1.1.7 — Administrative Services	\$804,175
1.1.8 — Information Systems	\$2,689,150
1.1.9 — Communications	\$48,010
Total Vote 1.1 — Central Support Services	\$5,545,905

1.2.1 — Administration	\$92,625
1.2.2 — Calgary Regional Office	\$1,342,300
1.2.3 — Edmonton Regional Office	\$1,425,630
1.2.4 — Fort McMurray Regional Office	\$205,550
1.2.5 — Lethbridge Regional Office	\$551,470
1.2.6 — Peace River Regional Office	\$397,910

1.2.7 — Red Deer Regional Office	\$480,780	[Motion carried]
Total Vote 1.2 — Regional Delivery	\$4,496,265	
Total Vote 1 — Departmental Support Services		MR. CRAWFORD: Mr. Chairman, I move that the committee rise, report progress, and ask leave to sit again.
	\$10,042,170	[Motion carried]
Total Vote 2 — Consumer Services	\$734,875	[Mr. Speaker in the Chair]
3.1 — Registration and Regulation of Financial Institutions	\$1,087,230	MR. PURDY: Mr. Speaker, the Committee of Supply has under consideration the following resolution, reports as follows, and requests leave to sit again:
3.2 — Registration and Regulation of Businesses	\$3,461,545	Resolved that there be granted to Her Majesty for the fiscal year ending March 31, 1986, sums not exceeding the following for the Department of Consumer and Corporate Affairs and purposes indicated: \$10,042,170 for departmental support services, \$734,875 for consumer services, \$4,689,575 for business registration and regulation, \$2,741,600 for regulation of securities markets, and \$6,500,440 for financial assistance to major exhibitions and fairs.
3.3 — Regulation of Automobile Insurance Premiums	\$140,800	
Total Vote 3 — Business Registration and Regulation	\$4,689,575	
Total Vote 4 — Regulation of Securities Markets	\$2,741,600	MR. SPEAKER: Having heard the report and the request for leave to sit again, do you all agree?
5.1 — Financial Assistance — Operating Support	\$2,811,305	
5.2 — Financial Assistance — Capital Support	\$3,689,135	HON. MEMBERS: Agreed.
Total Vote 5 — Financial Assistance to Major Exhibitions and Fairs	\$6,500,440	MR. CRAWFORD: Mr. Speaker, tomorrow evening the Assembly in Committee of Supply will consider the estimates of the Department of Federal and Intergovernmental Affairs.
Department Total	\$24,708,660	
MRS. OSTERMAN: Mr. Chairman, I move that the votes be reported.		[At 10:23 p.m., on motion, the House adjourned to Tuesday at 2:30 p.m.]