

**LEGISLATIVE ASSEMBLY OF ALBERTA**

Title: **Tuesday, May 14, 1985 2:30 p.m.**

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

**PRAYERS**

[Mr. Speaker in the Chair]

**head: PRESENTING PETITIONS**

DR. BUCK: Mr. Speaker, I wish to present a petition bearing the names of some 7,843 students from junior and senior high schools across Alberta. The petition, which also bears the signatures of some teachers and a number of University of Alberta students, expresses the concern that the world is threatened by the possibility of nuclear destruction. It also expresses the concern that when governments make decisions, there's a risk that the youth of today are often not considered seriously.

Mr. Speaker, the petitioners humbly pray that the Alberta Legislative Assembly give favourable consideration to policies which will make Alberta a nuclear-free zone where nuclear weapons are not developed. It also asks that Alberta be made an active and positive force in achieving world disarmament.

Thank you, Mr. Speaker.

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

MR. MUSGROVE: Mr. Speaker, I wish to present the report of the Standing Committee on Law and Regulations. Pursuant to the resolution of the Assembly dated November 9, 1984, the committee has had under consideration certain reports of the Institute of Law Research and Reform. Since receiving instructions from the Assembly, the committee has had 12 meetings, at which the institute presented information on the reports under consideration. The committee has approved the recommendations in many of the reports, with amendments in some cases, and it is suggested that one of the reports be referred back to it for further consideration.

The committee wishes to compliment the institute, and in particular Mr. Hurlburt, for the way in which the reports were presented.

**head: TABLING RETURNS AND REPORTS**

MRS. OSTERMAN: Mr. Speaker, I'm tabling the annual report of the supervisor of consumer credit for the year ended December 31, 1984.

MR. JOHNSTON: Mr. Speaker, I'd like to file with the Legislative Assembly the annual report of the department for March 31, 1983, as well as the annual report of the Heritage Scholarship Fund for March 31, 1984.

**head: INTRODUCTION OF SPECIAL GUESTS**

MR. ADAIR: Mr. Speaker, it's my pleasure to introduce to you, and through you to the members of this Legislative Assembly, a visiting travel writer from Utrecht, Holland, Mr. John Albert Boor. Mr. Boor is representing a number of Dutch travel and hunting magazines with a circulation of over 35,000 throughout Europe. It's his first ever visit to Canada, and he has been visiting in the province of Alberta for the last 13 days. He has just returned from an extremely successful spring bear hunt in the land of the mighty Peace. Accompanying him are Joyce Ingram, my executive assistant, and Ken Townsend from Travel Alberta. I would ask them to stand and receive the welcome of this Assembly.

DR. BUCK: Mr. Speaker, I'd like to introduce to you, and through you to the Assembly, four people in the public gallery. They are Mr. Cleveland, the father of Shauna Cleveland, chairperson and one of the petitioners; Mr. Jordan, the father of Julie Jordan, vice-chairman of the petition; Miss Jordan; and Mr. John Younie, a teacher at the Ardrossan school. I'd like them to rise and receive the recognition of the Legislature.

MR. SPEAKER: Mes collègues, c'est pour moi un plaisir et un honneur de présenter des élèves de l'école Rio Terrace dans mon circonscription. Presque tous les élèves de Rio Terrace peuvent parler français.

It's an honour for me to introduce to hon. members a group of students from the Rio Terrace school in my constituency. Most of the students in Rio Terrace are able to speak French, as I have observed on visiting the school. They are accompanied by Mrs. Millions, Mrs. Chase, and Miss Chamberland. I would ask them to stand so that they may be recognized and welcomed by the House.

MR. PAHL: Mr. Speaker, it's my pleasure to introduce to you, and through you to members of the Assembly, 26 exchange students who are visiting Edith Rogers school in the constituency of Edmonton Mill Woods from École Jacques Rousseau in Longueuil, Quebec. They are accompanied by Nicole MacDonald from Edith Rogers school, and by Ms Marie-Lise Aubertin and Ms Louise Aubut from the École Jacques Rousseau. They are in the public gallery, and I would ask them to rise. Simply to recognize the fluency of the Speaker in two languages, I would like to say to them: je veux donner une chaleureuse bienvenue chez nous en Alberta.

MR. DROBOT: Mr. Speaker, it is my pleasure to introduce to you, and through you to members of the Assembly, 17 grades 5 and 6 students from the Mallaig school. They are seated in the public gallery and are accompanied by their teacher, Thérèse Viel, and parent Irene Christensen. I would like them now to rise and receive the welcome of this Assembly.

MR. BATIUK: Mr. Speaker, it's a real pleasure for me to introduce to you, and through you to members of the Assembly, 19 enthusiastic and bright-eyed grade 6 students from Ryley school in the Vegreville constituency. They are accompanied today by their teacher, Mrs. Pepper, and parent Mrs. Bonham.

Пресмно мені привітате вас нині.  
[as submitted]

I would ask them to rise and be recognized.

head: **ORAL QUESTION PERIOD**

**University of Calgary PCB Spill**

MR. MARTIN: Mr. Speaker, I'd like to direct the first question to the Minister of the Environment about his favourite topic, PCBs. In regard to the recent University of Calgary spill site, is it true that PCBs in a concentration of over 6,000 parts per million have been discovered in a drain which leads from the pump house to the Bow River?

MR. BRADLEY: Mr. Speaker, specifically, the information relating to the levels which were found at the site at the University of Calgary has been released by news releases to the media, which confirm the sampling the department has undertaken. With regard to the specific as to whether the drain leads to the Bow River, that has not yet been confirmed by my department.

MR. MARTIN: A supplementary question. Is the minister saying, then, that he is unaware, after he has put out a release, whether the stream does lead to the Bow River? He's not sure of this at this point?

MR. BRADLEY: Mr. Speaker, the department is aware that there is a drain in the pump house facility. They have requested information from the university with regard to the design of the drain, as to its location and where it ends up. As of today I've not received advice from the department as to that specific in their investigation. I think I relayed to the House that the matter with regard to the spill at the University at Calgary is under investigation. I have not yet received the final report of the department on this matter.

MR. MARTIN: A supplementary question. If there's a drain there, I think we have a pretty good idea. But as a precaution, have the minister's officials taken samples of the water in the river near the drain, and if so, will he table those results as soon as possible?

MR. BRADLEY: Mr. Speaker, it has not been confirmed that, in fact, the drain goes into the Bow River.

MR. MARTIN: I take it from that that there's been no precaution. There's been no sampling of the river at this particular time.

MR. BRADLEY: Mr. Speaker, we'll have to confirm whether or not the drain, in fact, drains into the Bow River. That has not yet been confirmed.

MR. MARTIN: I wonder if the minister could tell us how long it's going to take to figure out whether a drain goes into the river: weeks, months, years? I'm serious. It seems to me this drain is a pretty important issue. My question is: how long is it going to take to know a simple thing like whether a drain is going into the river?

MR. BRADLEY: Mr. Speaker, I've advised the House that the matter is under investigation by the department. They've asked for the specific plans as to where the location of the drain is and where the drain may end up. That information is unclear at this time, as I've already reported to the

House. With regard to monitoring, if we find that the drain ends up in a place where further monitoring should be conducted, we will undertake that monitoring.

I think it should be clear to the House that we're dealing with very small amounts of a substance. I think that's been referred in the House on many occasions. The conditions under which the spill occurred was a cold day in February. I can advise the House that the substance was in a very congealed state. It wasn't in a runny, liquid state. As to how far the substance may have flowed, that is under review, and we are attempting to find out where the drain ends up.

MR. MARTIN: A supplementary question to the minister. Besides asking university officials to clean up the site — and the minister is saying we don't know where the drain goes — what specific action has been taken to stop the flow of water from the drain with the possibility it might be going into the river?

MR. BRADLEY: Mr. Speaker, I don't believe there is a flow of water in this specific drain. As I say, the matter's under investigation. The department has issued, under the authority it has, a chemical control order in terms of the specific contaminated area within the pump house, but I'm not aware of water running through that contaminated area into the drain at this time.

MR. MARTIN: A supplementary question, Mr. Speaker. The news release we just got before we came in says:

The department will be continuing its investigation into this spill to see if charges should be laid under the Clean Water Act.

I've raised this with the minister before. Why would we be looking to see if charges should be laid under the Clean Water Act if, in fact, we're not sure where the drain goes? Surely this must indicate to the minister that there's a possibility of its leaking into the river, or we wouldn't be going by this Act.

MR. BRADLEY: Mr. Speaker, the exact reason for the investigation is to determine where the drain goes. If, in fact, the drain does discharge into a watercourse that would be affected, the department then will be considering what further action they may take, depending on results of sampling which may be undertaken at that time. The investigation has not been completed at this time.

MR. MARTIN: Mr. Speaker, I certainly hope they'll get around to finding where the drain goes in the next week or so.

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

MR. MARTIN: The minister's department, as I understand it, has issued cleanup orders, but it seems to be very vague in the press release. Could the minister tell us the date by which this cleanup will be finished at the University of Calgary?

MR. BRADLEY: Mr. Speaker, that's under the terms of the control order. The specific date was that after receipt of the control order the university would advise within 72 hours as to how they intend to proceed with the cleanup of the contamination, and after they've received the approval

of the department for their course of action, they have seven days in which to carry that out.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the minister. In terms of the problem of the sewer, could the minister indicate whether the problem rests with the university or the city of Calgary not being able to produce the plans of the sewer, or is it because the minister has not sent somebody to Calgary to investigate the matter on-site? Or is the government waiting for the material to come to Edmonton, be examined, and then be sent back to Calgary? Is that the problem?

MR. BRADLEY: Mr. Speaker, I'm not aware of the specifics in terms of the investigation, other than to advise the House that the matter is under investigation and what information the department is seeking.

MR. R. SPEAKER: A supplementary question. Could the minister indicate who is investigating, and because it's such an important issue, why doesn't the minister go and look at the matter on-site? At Nisku we had the very same thing. The minister couldn't take time to go out to look at the Nisku airport and find out ...

MR. SPEAKER: Order please. The question was complete without the appendage.

MR. BRADLEY: Mr. Speaker, I have as much concern about the environment as the hon. member has.

SOME HON. MEMBERS: More.

MR. MARTIN: Don't heckle him.

MR. BRADLEY: That's perhaps debatable. But I have concern about the environment. There are people within the department charged with responsibilities, in terms of investigations of this type, in the waste management branch and the pollution control division, and they are carrying out their responsibilities.

#### **Hazardous Materials**

MR. GURNETT: A supplementary question, Mr. Speaker, also concerning a PCB problem in Calgary. What follow-up has the minister done on the discovery of, I think, something over 50,000 parts per million of PCBs around the transformer at Fire Park to ascertain if anybody actually came in contact with the substance at that site?

MR. BRADLEY: Mr. Speaker, with regard to employees of a paving crew, I believe the Minister responsible for Workers' Health, Safety and Compensation could advise the House with regard to the follow-up there. His department was contacted with that matter, and in terms of the follow-up there, that is under his particular responsibilities.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. Could the minister indicate when the test will be finalized with regard to the Nisku site that I itemized the other day, and when will those results of the test be tabled in the House?

MR. BRADLEY: Mr. Speaker, there were continued follow-up tests at the site. The information should be available in

the very near future. I note the question is a matter on a motion for return which will be coming forward in the House today.

#### **Royalty Rates**

MR. MARTIN: I'd like to direct the second question, Mr. Speaker, to the Minister of Energy and Natural Resources. During discussion of his estimates last week, the minister estimated that once various incentive programs are added up, the province is currently receiving royalties of about 20 percent on depletion of our nonrenewable oil and gas, which, I might point out, is equivalent to what we used to get in the early '70s. My question to the minister is: is it one of the goals of the government, as it reviews the whole system, to improve on the royalty return for the resource owned by the province of Alberta?

MR. ZAOZIRNY: Mr. Speaker, in the course of determining an appropriate royalty regime to have in place in the province, there are a couple of factors that have to be taken into account. The first one, of course, is the one the hon. member alludes to in his question; namely, an appropriate and fair return to the owner of the resource, the people of Alberta, of which this government acts as trustee in that regard. By the same token, that very appropriate goal has to be measured in the context of an economic regime that ensures there is a proper incentive and an opportunity for the explorers and developers of the resource to explore and develop, to pursue the development of the resource in the fashion that is appropriate in this province. So it's a matter of weighing those two factors. That's an ongoing process, and that will certainly be the approach we take into the current incentive review.

MR. MARTIN: I appreciate the way the minister evaded the question. I'll simply ask: does the government believe at this particular time that roughly 20 percent, in the minister's estimation, is enough revenue coming back to the provincial government for the people of Alberta?

MR. ZAOZIRNY: Mr. Speaker, with respect, I don't think my response was vague. I think it was a fair reflection of the approach that must be taken by a government. If, by his question, the hon. member is inquiring as to whether or not it is the intention of this government to take away some of the incentive that currently exists for our industry to explore and develop and create jobs in the way that they can as an engine of growth in this economy, the answer is unequivocally no.

MR. MARTIN: In the estimates, I think the minister would agree that he estimated we are getting roughly 20 percent. We pointed out that that was roughly what we were getting in the early '70s, when I think we would all agree we had a boom. My question to the minister very simply is: in the review that's going on at this time, will there be any effort to increase that 20 percent?

MR. ZAOZIRNY: Mr. Speaker, with respect, the hon. Leader of the Opposition can't have it both ways. He stands in the House and advocates job creation initiatives on the part of this government, and he is suggesting today that we at the same time take away some of the incentive that currently exists for private-sector job creation. You can't have it both ways. We're going to continue to provide an

environment that will create thousands of new jobs in this province and lead us on into the '80s and '90s. [some applause]

MR. MARTIN: The backbenchers can pound all they want. The point is that the minister is well aware that there are different ways to come at the same problem, because we've had this discussion ...

SOME HON. MEMBERS: Question.

MR. SPEAKER: Order please. The only short description of the minister's answer is "debate". Under the circumstances, it has to be even on both sides.

MR. MARTIN: Thank you, Mr. Speaker. I appreciate that.

Let me come at it in a different way. It was once a policy advocated by this government that in exchange for the resource it owns, it gain some 50 percent of incremental increases on old oil and 35 percent on new. My question is: is that still the policy in this area, and if not, what is now the goal?

MR. ZAOZIRNY: Mr. Speaker, for the accuracy that's required for the record, I think it would be something of an oversimplification to suggest that the royalty objectives of the government are as narrowly defined by the hon. member. The government of this province has consistently taken the approach that we have to monitor the economic regime on a regular basis to ensure that there is an incentive to see the development of the resource. It is for that reason that we have from time to time introduced various incentive programs, royalty holidays for example. That in fact has been the approach of this government. That continues to be our approach.

The hon. member inquires as to what the approach will be in the future. The fact is that we are going to be going through a review of our incentives. We have invited the industry to provide their views to us by the end of May, after which we will assess the situation and make a decision, promptly, I expect. So it would be quite wrong to prejudge the results of that assessment prior to having received all that input.

MR. SPEAKER: Might this be the final supplementary on this line of questioning.

MR. MARTIN: I have to go over four questions, then. I'll come back another day.

Mr. Speaker, last week in Calgary, as I'm sure the minister is aware, an economist by the name of Ted Haner, president of BERI, an economic forecasting service well known throughout the world, predicted a rather startling 25 percent collapse of the world price by 1987. My question is: has the minister had his officials do any study of what impact a rapid decline would have on the Alberta energy industry and Alberta's economy in particular?

MR. ZAOZIRNY: Mr. Speaker, when inquiries have been made with respect to predictions and the direction of world oil price, I've said in the past that perhaps the most important tool a forecaster can have is an eraser. I think that continues to be the case. There are a variety of predictions and forecasts as to the direction of the world oil price. I think that the appropriate approach of our government must be and is to monitor these various assessments. Certainly, we're

mindful of just how important the health of the oil and gas industry and the revenues flowing therefrom are to this province, but to zero in on a particular study is not the approach we would take. We are, of course, monitoring the situation on an ongoing basis.

#### Ski Resort Development

MR. R. SPEAKER: Mr. Speaker, my question with regard to the new Canada-Alberta agreement on tourism yesterday is to the Minister of Tourism and Small Business. I want to say to the minister that I see no problem with sections 3 to 6 of the agreement, the areas of market development, training and professional development, and gaining industry and community support. The area I'd like to question the minister on is with regard to the private alpine ski development that is part of that agreement. First of all, my question to the minister is: on what basis was it decided to spend taxpayers' money to improve the ski facilities owned and operated by those private ski operators?

MR. ADAIR: Mr. Speaker, that is not unique to the other parts of the agreement as well. They relate, in part, to any of the private-sector operations that are affecting the tourism industry. If I might just spend a moment on that particular one, I identified by name those particular areas on the Eastern Slopes that are and have the potential to be internationally known, and I'll repeat them: Fortress Mountain, Marmot Basin, Lake Louise, Mount Norquay, Westcastle, and Sunshine Village.

The basis for the program is that they would be able to use this particular agreement to cover 35 percent of the capital costs, to a maximum of \$1 million each, for upgrading facilities that will bring them in line with what has occurred over the last five years of the existing agreement in British Columbia, where the private-sector ski operators have had the same program and are basically our competitors. We've been working for some time to try to get something that would be equal to that particular program and give our private sector the opportunity to at least compete.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. Could the minister indicate what type of cost/benefit and use studies were done to arrive at the conclusion that public dollars should be invested in these ski facilities?

MR. ADAIR: Mr. Speaker, the same bases that were used in all the agreements that have been signed by all the provinces across Canada. By our signing the agreement yesterday with the government of Canada, we are now basically brought up to the same level. Our agreement would provide assistance to the private sector to in fact do a number of things. I'll use some examples, if I may, Mr. Speaker. The possibility of doing some work toward snowmaking; ski lifts — the lighting, for example; trail development; food and beverage facilities: basically what is already in place with our competitors. As a result of signing that agreement, we're now in a position to be able to say to our operators in this province that we have a program to assist you if you make the decision to in fact improve or to accelerate the development of either snowmaking, the lifts, the lights, or any of those other things I just mentioned.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. Could the minister indicate that the items that have just been mentioned are deficiencies in terms of these ski facilities

as listed in the contract, or is it a matter of government placing the dollars there in the hope that the private entrepreneurs will use them to improve the facilities and more tourists will come in? Are we using the present facilities up to maximum, or are the facilities overutilized, so that we have to improve their ability to handle the ski trade?

MR. ADAIR: Mr. Speaker, two things should be put in proper perspective. Number one, the industry — in this case, the private-sector ski industry — has been asking for this particular type of program since the signing of all the other agreements that took place. At that particular point in time I gave them a commitment to attempt to obtain the same kind of agreement for them. We have that as of yesterday. The decision is still to be made by the individual ski resort operators as to what they want to place as their priority. If they choose to go with snowmaking, fine, that's what the application would be based on, and they would receive 35 percent of the capital costs, up to a maximum of \$1 million per application, one time only, sometime during the five-year life of this program.

MR. R. SPEAKER: Mr. Speaker, what effect will Mount Allan have on the ski facilities in the Banff area? Has the minister looked at the effect of that? Is this particular program salve on the wound to these private ski developers, saying: "Well, the government is building Mount Allan. We're prepared to give you some money now to come up to the same standards as Mount Allan"? Is that correct?

MR. ADAIR: Mr. Speaker, some element of what you've said certainly has some bearing on it, because the decision to apply to government for some assistance first arose as a result of the agreement signed with the province of British Columbia and Canada — that was a five-year agreement that saw \$50 million, I believe, going directly into the ski industry, starting with Whistler and a number of the other ones that are in direct competition with the province of Alberta — coupled then with a couple of what we will call dry years along the Eastern Slopes. Contrary to what appeared to be only Mount Allan having no snow, the Eastern Slopes had a deficiency of snow from Marmot south to the border. All of those factors certainly have a bearing on the decisions that will be made by the private sector relative to what they may be able to do by using this program to upgrade the decisions they see, whether extension of lifts, lighting, snowmaking, or whatever the case may be. Under this agreement they now have the opportunity to put that in place and, obviously, then to attract more international visitors to those particular ski resorts. If more visitors come, more dollars are spent in Alberta, and if more dollars are spent in Alberta, it improves our tourism product.

MR. R. SPEAKER: I certainly agree with that, Mr. Speaker. That's part of my next question. Could the hon. minister indicate whether that alternative was looked at, in terms of the tourism promotion that's going on in sections 3 to 6 of this agreement, where we are attempting to bring more people into Alberta to use our facilities, to have more tourist traffic in through the prairies, the mountains, the plains, or whatever? If that occurs in the promotion of the agreement, would that increased traffic into our mountain areas not be adequate enough to assist the private promoters to improve their ski facilities, without government subsidies?

MR. ADAIR: That may, Mr. Speaker. But in the same sense I think one of the difficulties we've had is when other provinces get into agreements. I'm not trying to defend the other provinces getting into agreements, because we have spent a great deal of time over the period from my colleague the hon. Bob Dowling's days until yesterday trying to put in place something that is equitable for Albertans as well as the rest of Canada. We were able to do that.

One of the answers that will obviously come from this if they in fact utilize the program — the choice is theirs; it's here, and we have it there for them — is number one, we will be able to attract new international visitors, and number two, we will be able to attract Albertans back to Alberta who presently have been going to British Columbia or down into Whitefish, Montana, or wherever, for a number of reasons: one, lack of snow; two, better facilities as a result of another agreement already passed in the province of British Columbia, our major competitor. We're attempting to assist our side of the industry to reach that level where they are totally and equally competitive with the rest of the ski markets in North America.

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

MR. R. SPEAKER: A final supplementary. Could the minister indicate what arrangements have been made in terms of the funds allocated to this specific area for the improvement of the ski facilities under conditions whereby the private operators do not use the funds? Can those funds be used in other areas, such as training Albertans to meet the touring public?

MR. ADAIR: Number one, Mr. Speaker, there's a sunrise clause in the agreement, if you've had the opportunity to read it. That sunrise agreement allows the two parties, Alberta and Canada, to put together the terms and conditions on the various application forms and promotional material that will go out for that. In essence, the start-up time is September 1, I believe, and we will then pursue the program. At some stage in the evaluation of the five years, if there is an excess of funds in one section, we will have the opportunity to review and possibly make the suggestion to each party that they be shifted to one particular segment or another. That has happened in the past, and I assume it would happen in the future.

#### **Vehicle Safety Inspection**

MR. PURDY: Mr. Speaker, I'd like to address a question to the Minister of Transportation. It's regarding the recent announcement that Alberta Transportation's safety division will implement regulations requiring a safety inspection for any salvaged vehicle or any insurance write-off vehicle. Can the minister expand on how the department will carry out these regulations?

MR. M. MOORE: Mr. Speaker, some time ago the hon. Solicitor General and I received representations from certain groups in this province who were concerned about the number of written-off vehicles that were being repaired by so-called backyard auto mechanics and then put back on the road looking rather good on the outside but having some serious, major mechanical defects underneath. We undertook to see if there wasn't some possible way that this problem could be remedied. With the insurance industry

we put in place what we hope will be a system that can operate on the basis of the insurance industry providing the Solicitor General's department with information relative to the serial number, make, and model of written-off vehicles, which will then be checked against applications for licence plates. Before purchasing a licence plate for it, someone who has repaired one of these written-off vehicles would be required to obtain an inspection from a licensed inspector.

I should say, Mr. Speaker, that we haven't finalized all the details of the program yet, but it would be our intention to license private automobile body shops in the major centres to undertake this inspection and to have some kind of final appeal to perhaps our department safety inspectors in the event that the individual who repaired the written-off vehicle felt that he was not being fairly treated by the body shop operator. So we believe that we can put the program into place with very little cost, and it will be effective in keeping some very badly repaired automobiles off the roadways.

MR. PURDY: A supplementary, Mr. Speaker. The minister indicated in his answer that they would be using auto body shops for the vehicle inspection. I'm concerned about the mechanical end of the vehicles. Is the minister not also considering using certified automotive mechanics for these inspections?

MR. M. MOORE: Mr. Speaker, the qualifications and training of body shop operators in this province and those engaged in that trade is sufficient insofar as the kind of inspection that's being required. We're not dealing with whether or not the motor is running well and things of that nature; rather, we're dealing with the safety parts of the automobile, which generally refer to braking, steering, cornering, and the kind of thing that body shop mechanics are trained to undertake and pass judgment on.

MR. PURDY: A further supplementary, Mr. Speaker, to either the Minister of Transportation or the Solicitor General. Will the police have additional powers to seize vehicles if they have reasonable and probable grounds to believe that the vehicle is not roadworthy?

DR. REID: Mr. Speaker, it is not the intention to expand this program into a general inspection program for vehicles, such as was operated in the 1960s, I think. At this time, the police can in actual fact remove a vehicle that they consider to be grossly unsafe from operation on the highway.

MR. PURDY: A final supplementary, Mr. Speaker. Will the Minister of Transportation give serious consideration to compulsory vehicle inspection, therefore removing many other vehicles from our highways and making the highways a lot safer than they are now?

MR. M. MOORE: No, Mr. Speaker. We have considered that matter at some length and believe that the best approach with regard to all those other vehicles on the road is to ensure that drivers are well educated on the need to maintain their automobiles in a good state of repair and, as the hon. Solicitor General just said, to utilize the authority that exists under the statutes for law enforcement officers, other safety inspectors in our department, and so on to remove unsafe vehicles from the roadway when they find them. I personally think that the existing system serves us well. The accident statistics will indicate that the number of vehicles involved in accidents because of malfunctions in the vehicle is very,

very small compared to the accidents that occur as a result of driver error.

#### **Lubicon Lake Land Claim**

MR. GURNETT: Mr. Speaker, I'd like to address my question to the Minister responsible for Native Affairs. I understand the minister met last week with the Honourable Davie Fulton. I wonder if the minister could outline for the Assembly what position the federal mediator advanced at that time on the need for a land base and monetary compensation for the Lubicon Lake Band.

MR. PAHL: Mr. Speaker, I can simply report to the House that the discussions are under way with the federally appointed mediator. While I'm on my feet, I might simply outline a chronology of the events that led to this point. That might assist the hon. member in terms of gathering a perspective of where we are with the federally appointed mediator.

MR. SPEAKER: I'm wondering how long that recital of previous events will take. We're running out of time, and we still have two members who have not yet asked their first questions and an hon. minister who wishes to supplement some information previously asked for.

MR. PAHL: It starts in the 1930s, Mr. Speaker, so perhaps I might simply say that the discussions with the federally appointed mediator/emissary are undergoing what I consider a critical stage. I do not feel it up to me to report what he presented or what the band presented or what we would present, but as soon as all parties have come together with something livable, I will happily report to the House on the progress.

MR. GURNETT: A supplementary question, Mr. Speaker. I think it would be encouraging for many people to know what is pending. In any case, the minister has said that he's co-operating, and that's good to hear. I trust that'll continue. Given that the federal mediator is on record as stating that the band is entitled to both a land base and monetary compensation, could the minister outline any action he intends to take immediately with regard to these areas, even before there's a final solution to the entire affair?

MR. PAHL: Mr. Speaker, I think the nature of that question outlines the necessity to explain to the hon. member the history and the chronology of a land claim settlement. Our position always has been that until a land claim is advanced, we can't respond to it, but we are discussing in a manner to help that claim be advanced.

MR. SPEAKER: I certainly wouldn't want to interfere with an hon. minister giving a full and necessary reply to a question. As the hon. minister may recall, there is provision for an hon. minister to suggest that a question be placed on the Order Paper, and then, of course, a fairly lengthy answer is quite in order. But to have a review of history from 1930 to the present, especially if there are many events included, would seem to be stretching the purpose of the question period.

MR. GURNETT: A supplementary question, Mr. Speaker. We'll try to stay clear of things that require an historical review. The mediator is also on record as expressing a concern about the lack of compassion for the legitimate

complaints. Without going into history, does the minister have any plan to investigate the basis for that concern and to act in a compassionate rather than in an historically justified way to make some gesture to the band of this province's sincerity in the issue?

MR. PAHL: Mr. Speaker, the representation is duly noted. I would simply correct the hon. member's characterization of the federally appointed representative. He is not a mediator as such; he is a representative of the federal government, with a very broad mandate to try to bring the matter to a successful conclusion. It is not a mediation, and I will let the federal representative's statements stand on their own.

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

MR. GURNETT: Mr. Speaker, in view of the fact that, as I understand, as long as a year ago the provincial government was asked to at least supply the 25-square-mile reserve that's been talked about for some years, is the minister now prepared to at least provide to the band that 25-square-mile land area, with the mineral rights, while waiting for the final report from Mr. Fulton?

#### **Fort Saskatchewan Correctional Centre**

DR. BUCK: Mr. Speaker, my question is to the hon. Solicitor General. This has to do with the proposed correctional centre in Fort Saskatchewan. In light of the fact that there seems to be some concern about the operators of the chemical plants in close proximity to the site for the new institution, can the minister indicate at this time what consultation and discussion as to the siting of the new facility the minister has had with the industrial site operators?

DR. REID: Mr. Speaker, I have met with the industrial concerns mentioned by the hon. member. There was a meeting of the town council in Fort Saskatchewan, I think, last night. I haven't had a report on that meeting, but I understand the major concern is that the proposed site for the correction centre is one of the most suitable sites for light industry using the products of the petrochemical industry. The concern has been expressed to me that if we were to use this fairly large area that is already zoned light industrial for the correction centre, it might pre-empt the possibility of the development of secondary and tertiary industry based upon the petrochemical industry. Unfortunately, the Minister of Economic Development isn't here today, but he may be able to answer the concerns of the member.

DR. BUCK: Mr. Speaker, a supplementary question to the hon. Solicitor General. Can the minister indicate if there is sufficient land available at the present site to move the facilities west and keep them basically on the site where the old facility is?

DR. REID: Mr. Speaker, the difficulty with the present site is that it is involved in the rail relocation economics. Were we to use the present site for a replacement facility, it would adversely affect those economics. There is the possibility of another site within the town boundaries that we are currently addressing, in order to free up the zoned light industrial land and have it available for future developments, and that's the most likely answer.

MR. SPEAKER: The hon. Member for Drayton Valley, and the hon. Minister of the Environment has some further information on a question previously raised.

#### **Highway Traffic Regulations**

MRS. CRIPPS: Mr. Speaker, at the risk of having him dominate the question period, my question is also to the Solicitor General, with regard to the highway traffic patrol. Drayton Valley is policed under the highway traffic patrol by Edson, Wetaskiwin, Rocky Mountain House, and Leduc, who all try to outdo each other. Is there any possibility that we can have a local detachment and stop this rivalry?

DR. REID: Mr. Speaker, I understand several members have concerns about the function of the Highway Patrol. The Minister of Transportation and myself have had under discussion the present enforcement of the regulations under the Highway Traffic Act. The combination of the mobile Highway Patrol and the weigh scales operated by the Minister of Transportation is being addressed. We hope to have some form of rationalization of the two systems in the relatively near future.

MRS. CRIPPS: I'm happy to hear that. If the Wetaskiwin department likes Winfield so well, maybe they should move out there.

My second question is: is it the policy that the inspections should be held off the road or on an extra-wide place on the road and do a total inspection; that is, is it the quality or the quantity of inspections that are held? Quite often I see those inspections being held in a narrow place on the road where they can catch people, and I'd like to know if that's a policy.

DR. REID: Mr. Speaker, it's not a matter of policy; it's a problem that is addressed by the Highway Patrol on a given occasion. Some are moving offences. Some are related to the size of loads, overhangs, heights, and on occasion, weights. Therefore, they have to take the opportunity that arises. If there is a wider spot in the road, then obviously they will pull them over in that location. On the other hand, if it's a road where there is no wider area, road junction, or other suitable place, it may well be that the truck has to be pulled over and stopped where there is not a wide shoulder, and indeed there may be some obstruction to other traffic. It just depends on the circumstances of the individual occurrence.

MRS. CRIPPS: I'm sorry, Mr. Speaker, my question had to do with the roadblocks set up by the highway traffic patrol, where they stop every truck that comes along.

Are safety stickers given as a matter of policy once the vehicle is checked, so that it doesn't have to be checked again, and if not, why not?

DR. REID: The concern of the hon. member has been brought to my attention by others as well as herself. Among the items being reviewed at the moment is some system to avoid multiple checks of vehicles that have already been checked on the current run with the particular load that is being checked at the time. There has been some difficulty with some vehicles being checked as often as four times while traversing the province, either from east to west or north to south.

MRS. CRIPPS: A supplementary, Mr. Speaker. Has the minister given consideration to rescinding the instant, triple 8 traffic summons and going back to a charge which has to be approved at the office by someone else, in more rational circumstances?

DR. REID: I'm sorry I don't quite understand the question as put by the hon. member.

MRS. CRIPPS: The triple 8 traffic ticket is an instantaneous traffic ticket which may list numerous little, not necessarily infractions, but deficiencies. As I understand the situation, a warning ticket was given saying that it would be followed by a ticket which was in fact a ticket. Now it's done instantaneously and causes a lot of negligible considerations to be listed on the traffic ticket.

DR. REID: Mr. Speaker, in a large number of cases the highway patrol issue only a written warning. Where the deficiencies in safety or other equipment are such that it's felt that the potential for danger to the rest of the travelling public or to the vehicle itself is sufficient, then a ticket is often issued on site. It is true that on occasion there are multiple deficiencies, and in those events multiple tickets may be issued. In recent history the number of warning tickets as opposed to infraction tickets has been increasing quite considerably. This goes along with the philosophy of attempting to improve safety on the highways and not just issue infraction tickets.

MRS. CRIPPS: A supplementary question. Could the Minister of Transportation indicate the purpose of the three lights in a cluster on vehicles?

MR. M. MOORE: Mr. Speaker, I'm having some difficulty understanding exactly what part of the vehicle or what kind of vehicles these three cluster lights are on. Perhaps the hon. member could expand.

MR. SPEAKER: Perhaps she could take a sample to the hon. minister's office.

MRS. CRIPPS: Well, actually I apologize to the minister. I deliberately asked him instead of the Solicitor General, because nobody knows what the three cluster lights are on the back of a truck, yet we're giving out tickets. Actually, it means the truck is over eight feet wide. In that regard, would the Minister of Transportation make representation to the federal government to review the Act as it specifically applies to oilfield trucks and service rigs?

MR. M. MOORE: Mr. Speaker, I'm having some difficulty understanding what Act and how the federal government gets involved. The Highway Traffic Act is a responsibility of this Legislature and me as minister. Perhaps the hon. member could expand on where the federal government is involved.

MR. SPEAKER: Room for expansion is rather limited. We've come to the end of the question period. Perhaps we could have a brief supplementary and answer, and if the Assembly agrees, we might then recognize the hon. Minister of the Environment.

MRS. CRIPPS: Our Highway Traffic Act is in concert with the federal Act in order to make all the Acts similar. I

understand representation needs to be made to the federal government because our Act is in concert with theirs, and that's why we have it.

MR. M. MOORE: Mr. Speaker, that's not the case at all. This Legislature and our government are in full control of legislation regarding the operation of motor vehicles and trucks on our highway system. In consultation with the Solicitor General, I presently have the Highway Traffic Act under review. The Solicitor General is reviewing the motor vehicle Act with the view that we make those two pieces of Alberta legislation as compatible as possible. We could expect to have amendments in the Legislature in that regard. While we do try to be compatible with other provinces in our highway traffic laws, there is no requirement in that regard, and I'm not even aware of a federal Act.

MR. SPEAKER: We're just a little over time. Does the Assembly agree to have the Minister of the Environment supplement some information previously requested?

HON. MEMBERS: Agreed.

#### **University of Calgary PCB Spill** (continued)

MR. BRADLEY: Mr. Speaker, I'd like to further supplement an answer I'd given in the House earlier with regard to the drain at the University of Calgary. I recently received information in the House. The department advises me that the drain goes into a sand filter and then into the ground and that there is no direct discharge into the Bow River. I should also advise the House that PCBs do not dissolve readily in water, so the concern, if there was discharge into a rivercourse would be that the PCBs would bind in the sediments in the rivercourse and then somehow get into the food chain. There is not a concern with its solubility in water.

I should also advise the House that I've received information with regard to monitoring, which the department does on treated water supply and river systems in the province. Specifically with regard to the water distribution systems in the city of Calgary, there have been no PCBs found in the treated water from either the Glenmore or the Bears paw reservoirs. Similarly, with regard to results I have to date of monitoring the Bow River itself downstream from Calgary, there have been no detectable levels of PCBs found in the river.

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

MR. SPEAKER: Might we revert briefly to Introduction of Special Guests?

HON. MEMBERS: Agreed.

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

MRS. EMBURY: Mr. Speaker, it's my pleasure today to introduce to you, and through you to the members of the Assembly, 45 students from all across Alberta. These students are here in Edmonton as members of the Forum for

Young Albertans. They're here for a week of hard study of all aspects of the provincial government and the Edmonton city government. As members are aware, we have representation from the members of the Assembly on their board of directors.

The director, Miss Linda Ciurysek, is with the students. I believe most members are aware that Linda lives in the constituency of Calgary North West, has been involved in this particular organization right from the beginning, and each year has worked very hard in the organization to see that so many students have the opportunity to come to Edmonton. Linda has done this as well as continuing her studies at the University of Calgary, where she recently completed a master's degree and soon hopes to enter a third degree in law. I believe her destination is still a question in her mind, but she fortunately has a couple of places to choose from. On behalf of the members of the Legislature, I'd like to commend Linda most highly and most sincerely for her dedication to this project and also to wish her well in the future.

Linda is also accompanied by Darlene Strauss, one of the other people with the high school students, and Blair Stolz. Some might recognize his name. Blair, of course, is the youngest alderman in Canada, from the city of Medicine Hat. He has been a director for the Forum for Young Albertans for three years and was a page in this Legislature, in the fall of 1983. I would ask all the students, the director, and their assistants to please rise and receive the warm welcome of this Assembly.

MR. SHRAKE: Mr. Speaker, I have the privilege of introducing to you, and through you to the members of the Legislature, eight students in the public gallery who are all the way from Calgary. They're from Victoria community school, which is one of the finest community schools in the province of Alberta. They're accompanied by their teachers Mr. Dave Baxter, Mr. Noel Abergoush, Mrs. Phyllis, and Mrs. Lawrence. I wonder if they would rise and receive the warm traditional welcome of the Legislature.

MR. McPHERSON: Mr. Speaker, it's a pleasure for me today to introduce to you and to our colleagues in the Legislative Assembly 40 grade 6 students from the Fairview elementary school in the constituency of Red Deer. It has become somewhat of a custom in the short period of time that I have been in this Legislature to welcome the students from Fairview elementary school. I would like to commend their teachers Greg Atkinson and Dave Stewart for continuing to bring the students to the Legislative Assembly to witness their government in action. The students today are accompanied by parents Judy Radtke, Judy Andres, Darlene McGill, and Kerry McGill. Mr. Speaker, the students are seated in the public gallery, and I ask them to rise and receive the recognition of the House.

MR. KING: Mr. Speaker, it is a pleasure for me to introduce to you, and through you to the members of the Assembly, 16 grade 6 students from Sacred Heart community school in the constituency of Edmonton Highlands. I am past arguing with my colleagues about which is the best school in the province, but clearly this is one of the better schools in the province, Mr. Speaker. I'm delighted to have the students here this afternoon with their teachers Mrs. Austin, Mrs. Burghardt, and Mr. Howrish. They're seated in the members' gallery. I ask them to rise to receive the warm welcome of the Assembly.

MR. CRAWFORD: Mr. Speaker, before calling questions and motions, I would ask that motions for returns 138, 141, and 142 stand.

[Motion carried]

#### head: **WRITTEN QUESTIONS**

143. Mr. Martin asked the government the following question: What is the government's best estimate of the total value of royalties that were not collected by the Crown due to the loss to the atmosphere and fire of sulphur and condensates from the Lodgepole blowout well (Amoco Dome Brazeau River 13-12 — 48-12) between October 17, 1982, and December 28, 1982?

MR. ZAOZIRNY: Mr. Speaker, the government has considered Question 143 appearing on the Order Paper and has come to the conclusion that the question is unanswerable in its current form and, therefore, cannot be accepted. Very briefly, the reason for the question being unanswerable is that royalties are both calculable and payable at the time of sale of natural gas. Therefore, in order to calculate royalty, one must know the price at which that gas would be sold, at what time the gas would actually have been sold — it may have been shut in for a period of some years — and the actual volumes of gas and gas products that would have been sold. None of that information, of course, could be determined prior to a sale being concluded. For those reasons, Mr. Speaker, we have concluded that the question cannot be answered and, therefore, could not be accepted.

#### head: **MOTIONS FOR RETURNS**

139. Mr. Martin moved that an order of the Assembly do issue for a return showing:
- Details of all travel (excluding, in the case of Members of the Legislative Assembly, travel to, from, in, and around their home constituencies) paid for by public funds, for Members of the Legislative Assembly, members of the Executive Council, Executive Council staff, staff of the office of the Premier, and the personal staffs of all ministers, including ministerial assistants, for the period March 1, 1984, to March 31, 1985, inclusive, showing:
- (1) dates of departure and return for each trip,
  - (2) destinations,
  - (3) transportation used, if it was commercial or charter aircraft, train, bus, or car,
  - (4) total cost for each journey, including transportation, accommodation, and entertainment/hospitality,
  - (5) list of persons accompanying the principal traveller, and
  - (6) purpose of travel.

MR. CRAWFORD: Mr. Speaker, I would like to propose an amendment to Motion for a Return 139. It deals with two matters. One is that it's the view of the government that in assembling information in respect to travel, it serves little purpose and is out of all proportion to the amount of checking with individual members that would have to be done in order to include travel within Alberta. So the proposal is that that portion of the main paragraph relative to details be changed. The other change is in subparagraph

(5), the "list of persons accompanying the principal traveller." The suggestion there is that that should relate only to where such persons are travelling with their expenses paid by public funds. I move the amendment accordingly, Mr. Speaker.

MR. MARTIN: Mr. Speaker, on the one part of it, I can accept section (5). That makes sense, because we're worried about public finances rather than people paying their own way. That's their business.

As I understand it, the minister is saying it would be too much trouble to find out the travel in Alberta. I suggest that we were not talking about all travel to begin with. We were talking about:

excluding, in the case of Members of the Legislative Assembly, travel to, from, in and around their home constituencies.

We were not asking for that.

Surely part of our role here, Mr. Speaker, especially in times of restraint when we expect other groups to restrain themselves, is that we know what we're paying for travel within Alberta. I appreciate that we're going to get travel outside the province, but there were some pretty harrowing experiences of travel within the province — \$1,000 here, \$1,000 there, the Treasurer, \$1,800. These are the sorts of things I think should be public knowledge. I for one am not satisfied with that change. I can understand that when people travel back and forth to their constituencies, that's a needed part of the job. But it seems to me that the other we're asking for should be easily available to determine our jobs here in checking the public purse, especially, if I may say so, in a time of restraint that we talk about.

So I am not happy about that particular amendment. I don't think it's appropriate there. I would have hoped that the government would accept the whole motion. As I said, we weren't asking about constituency travel.

[Motion as amended carried]

140. Mr. Gurnett moved that an order of the Assembly do issue for a return showing:

Copies of the results of all water and ground sampling undertaken by the Department of the Environment at and around the site of the Kinetic Ecological Resource Group Ltd. storage facility at Nisku, Alberta, since the inception of the sampling program.

MR. R. SPEAKER: Mr. Speaker, I'd like to say something about that motion and also move an amendment so that the commitment of the minister in question period today can be fulfilled. Depending on your definition of a site, there is more than one site at Nisku. There is more than one building. In question period the other day I gave the minister an address of a site that belongs to Kinetic Ecological Resource Group that is three or four blocks away. At that site there is water that's being tested. As the motion now stands, it talks about "around the site". Mr. Speaker, I would like to move that the letter "s" be added to the word "site" so that it is in the plural rather than the singular form.

MR. SPEAKER: Is the hon. member speaking to the amendment?

MR. GURNETT: Yes, Mr. Speaker. In the interests of the minister's being able to provide us with as much information as possible, I'm happy to support the amendment.

[Motion as amended carried]

144. Mr. Martin moved that an order of the Assembly do issue for a return showing:

Copies of the report on Abacus Cities Ltd., identified and quoted by the Minister of Consumer and Corporate Affairs at page 818 of *Alberta Hansard* (May 6, 1985).

MRS. OSTERMAN: Mr. Speaker, in responding to this motion, I ask all hon. members to reject it for the following reason. It is not customary to order materials that are a matter of public record, and this is. Just to refresh the hon. member's memory, last summer when I spoke to the press and made available copies of the document in question, the opposition's office was also provided with a copy. But if the hon. member no longer has one, I'd be pleased to supply him with one.

SOME HON. MEMBERS: Shame.

MR. MARTIN: Mr. Speaker, on that order, we thought it was a different ...

MR. SPEAKER: If we're going to debate it, may the hon. leader conclude the debate?

HON. MEMBERS: Agreed.

MR. MARTIN: I apologize to the hon. minister. I thought she was referring to a different document, so I accept that there is no need for this motion.

MR. SPEAKER: Does that amount to a withdrawal?

MR. MARTIN: Yes.

[Motion withdrawn]

#### head: MOTIONS OTHER THAN GOVERNMENT MOTIONS

216. Moved by Mr. Hiebert:

Be it resolved that the Legislative Assembly urge the government to establish a school of international business education at the University of Alberta.

MR. HIEBERT: Mr. Speaker, I am pleased to be able to propose Motion 216 this afternoon to the Assembly. The main thrust of the motion comes from the challenge that faces Canada in the area of international trade. It's an area where Alberta needs to examine how it can link its economy to world economies. Canada's and Alberta's prosperity and new job creation will depend to a great extent on the effectiveness and sophistication we have with regard to dealing in world trade. Most recent estimates show that Alberta's major commodity exports come in the areas of our natural gas, crude oil, and petro-products, and also from our agricultural products. With the worldwide economic downturn, many of the assumptions upon which national trade policies have been based are open to scrutiny. In fact, the traditional models of how a province or country deals with another country or with foreign markets can be open to question.

We all recognize that world trade is going to play an ever-increasing role in Canada and that competition is going

to be very fierce with regard to competing for the world economic pie. Certainly, access to these markets is there. However, we need to arrive at some sophistication in terms of how we develop our managers and businesspeople in dealing with different countries. Therefore, Canada must develop new structures and new approaches so that different strategies can be used in international marketing.

The whole motion, in suggesting the establishment of an institute or school of international business, is in order to make Alberta more competitive internationally. Mr. Speaker, it's necessary to develop this sophistication so that our knowledge and sensitivity to other countries will induce a better business climate and thereby result in deals that are going to be profitable and also very vital to our economic growth and prosperity.

As we've all seen, international growth has certainly been exploding throughout North America, and many companies have at least 40 percent of their sales in the international marketplace. The change is qualitative and quantitative in form. Domestic positions have become different, and with many firms we can expect managers to have to deal with people from other countries. In fact, they have to deal with different nationalities, cultures, and languages. Effective management within organizations will have to be very sensitive to this particular expertise that is going to be required by Alberta businesses.

If we're going to develop this expertise in Alberta and deal effectively on the international level, we need to look at our educational system so that it can start supplying young people who have the expertise to deal in such a marketplace. This is especially true when we see that many of our products do not have a clear technological advantage over, let's say, other products in the world. Then the difference between developing markets will be in the contact made between our businesspeople and those that are dealing in the international trade scene.

The nature of this expertise generally falls into two categories. One is substantive knowledge, where the firm and the individual need to know something about the country in terms of its economic, social, and political conditions. If companies are going to make investment decisions and do some long-term planning with regard to international trade, this knowledge is going to be paramount. Secondly, international expertise means that the knowledge of how to do business with other countries has to be attained. It's not only necessary to know something about the other country; it's important to know something about how they do things, how they approach problems. Firms and businesspeople will have to become familiar with such things as business practices and methods of trade, differences in customs and language, differences in ideologies and politics, historical backgrounds, or anything to do with the background of that particular country.

I think we can take as an example the China trade show last spring in Edmonton. The Chinese people had difficulty marketing some of their products. The products were all for sale, yet they did not put any price tags on particular items. They wondered why they were not doing any business. In our country people do business in a different way from what the Chinese are used to, and many sales were lost as a result of their inability to relate to how businesses actually do trade in North America.

Many times the dealers found the bureaucracy challenging. There was a problem with delivery; it was time-consuming. In fact, there was so much red tape that there was a frustration level with some of them. I know that some

American firms actually tried to place orders of \$150,000 to \$200,000 in value, yet the people at the trade show could not go over the ceiling of \$50,000 in any transaction. They had to be confined to that kind of limitation. So I'm sure the reverse is true when our people go to foreign markets. The way they do things in Japan or China will be quite different from how we conduct business in Canada and in Alberta.

In trying to develop that international expertise, I feel it is not possible exclusively through experience or through an educational program. It has to be a blend of experience and education so that our young people, who may be in short supply right now in dealing with the international markets, will be able to cope with that as future graduates, because in the long-term future many of the excellent job opportunities will be in the area of international trade. So I envisage the institute trying to blend education and experience in a co-operative way. The institute would reach out into the private sector to try to get a co-operative venture going whereby both goals could be achieved.

In the short-term there could be outreach programs to provide some of this expertise to government and the private sector. But in the long-term, if we're going to attract the appropriate kind of people from the international community, it is going to be necessary to have some structure in the program and also to offer something beyond just the experience component. That is where the institute could come in, trying to provide that infrastructure of learning on a broader base.

In terms of the institute itself, I envisage three specific objectives. One would be to establish an educational program, Mr. Speaker, that would develop the skills of our young Albertans to meet the strategies the government has proposed in the white paper. Secondly, it would be to develop a policy function whereby information and policy options could be presented to the government for future directions in economic development. Thirdly, it would be to set up an information service that would gather and transmit economic and other information to make our private sector competitive on the international scene.

The educational program, Mr. Speaker, would address two audiences. The first objective would be to focus on the development and expansion of existing programs, be they degree programs at either the first level or the post-graduate level. These programs could be allied or connected with a faculty such as the Faculty of Business, but they would not be exclusively involved with that faculty. They would outreach to other faculties to try to give a greater breadth to the offerings. One could see, for example, that the linguistics department of the Faculty of Arts could become involved, or the agriculture department could be involved in developing parallel programs that would augment the program they're taking with the Faculty of Business.

Priority would have to be given to the recruitment of people with some international expertise. It's my understanding that these people are at a premium. They are very difficult to find, and therefore it would take some time to develop the institute so that we would have the appropriate expertise.

Provision could be made for such things as student exchanges and exchanges of instructors from different countries. Private-sector experts could be involved. There could be scholarships for students from other countries or countries that we do a great deal of trading with. It would be a situation whereby students would become familiar with Alberta and the way we do business in Alberta, and likewise if we

had students on the other side of the ocean, they too would learn some of the ideologies and cultural factors that are involved in how countries trade.

The second educational objective would be to set up a program that would probably benefit Alberta business in a more direct way. This could take place in the form of seminars or workshops for Alberta businessmen dealing with international trade. These programs could be year-round. They could be outreach programs. There could be summer workshop series. They would assist Alberta businessmen to upgrade their expertise in this area.

I noted, for instance, that the University of Alberta has programs going on this summer trying to attract people from the international scene. One is with regard to governance in postsecondary education. It's an international institute for postsecondary administrators that's taking place in June of this year. The Alberta summer institute for petroleum industry development is another one that is taking place at the university. Again, it's an example of the programs that are offered to cater to the business sector or the educational sector so that people from all over the world can benefit from the experiences we've had in Alberta.

Conferences would be an area of interest, I think, to Canadian business interests. There could be exchange programs where individuals from the private sector in Alberta would be allowed to gain some employment or experience abroad. Likewise, the private sector could probably become involved by providing employment opportunities for foreign students so that they, too, could have a direct way of experiencing how the private sector operates in this part of the world.

Another aspect that could be involved with regard to assisting the private sector would be briefing conferences. If we had trade missions coming to Alberta or Alberta businesspeople going abroad, they could benefit from having a specific kind of briefing section before they went to that country so they would be more effective in marketing their goods.

I mentioned the one function being education. The second function is policy. If we're going to have policy formation, of course, this would encourage research. The institute could prepare background papers on specific topics. It could recommend alternatives for government consideration. I think research would play a very important role in how the institute would operate, because it's an ever-moving target and it's important that different strategies and mechanisms are there to ensure that we're keeping abreast of the changes that are occurring in the trading scene. The research could be done on a contractual or noncontractual basis, and the private sector could thereby be vitally involved with the institute throughout its existence.

I had mentioned policy options for government. Certainly, that would be an active area to participate in. We've all seen how the white paper has generated a great deal of thought. With the institute being involved in this area, we would have many options and alternatives being presented to government for their consideration.

A third function could be the whole area of data gathering or information dissemination to ensure that business firms and the institute would have updated materials with regard to international marketing. The institute certainly could develop a data base which would list the international economic projects that are taking place. It could collect business information for government and the private sector to provide a basis on which they could make some investments. The information could certainly be stored by com-

puter, and this computer could be accessed by businesspeople throughout the province.

One could look at how the institute would operate. There are different thoughts on how the institute should be set up. It could be freestanding. It could be located on the campus of the University of Alberta. It could be satellited throughout the province. As to where it should be placed, I think the institute requires a core, and then different satellites could be developed in the other universities throughout the province or the Banff School of Fine Arts or wherever. The institute could be semiautonomous. It could be done with an endowment like the medical research foundation — not necessarily the same dollars but the same concept.

It would be my view, as I've stated before in the resolution, that a core area has to be named. I think the most appropriate place, of course, is right here in Edmonton, near the seat of government. I know I'm going to get some debate on this question from my friends to the south, and they'll be stampeding another way. But I'm sure their allegiances are with Edmonton tonight and also with this motion this afternoon.

I envisage that the institute would have a board made up of people from the private sector. To involve other countries, there could even be an advisory board with representation from the countries we're actually trading with. That would give us the cross-referencing and the sensitivity to some of the things we're trying to do through the institute. Certainly, the private sector would be asked to assume a leadership role, and they could be front and centre in the program development. That way the institute would be very responsive to the needs of our private sector.

Another way of doing the institute would be by endowing certain chairs. We can look at the Institute of Law Research and Reform; they operate that way. Some members of the institute are members of the faculty and others are in private practice. They work together co-operatively with regard to making reports and recommendations for consideration by government.

Another would be that the institute could be attached directly to a faculty or department. This is not an approach I would prefer, because we all know the dollars in the global budget are very scarce. There would be competition for them, and there could be a conflict where the university's interests and needs would take preference over the institute's. Of course, the institute has to have objectives broader than just the institute's; it must look after Alberta's needs and the policies cited by the government of the day.

My reasons for saying that the siting should be at the U of A are specific. It is the oldest and largest university in terms of scope of activities. We need to have faculties other than business involved. We have areas like agriculture. The whole question of the medical research taking place at the W.C. Mackenzie hospital — that could have a role to play. We have an excellent school of East Asian studies and linguistics; that is an important component with regard to the institute.

It's also important to have it sited at an institution like the University of Alberta because if you're going to draw people from the international community, it's important that the program be given some structure and depth, that it not be just in the form of seminars or conferences. It should tie in with a program that will lead to some culmination. Also, the university scene sets an environment, both culturally and in terms of research-oriented activities, and this would provide an attractive setting for our international

people when looking at the options available through this institute.

Third, the U of A resources library is recognized as one of the best in Canada. The University of Alberta has the largest economic development library. So some of the infrastructure is there; we just need to capitalize on what is available. The University of Alberta has nationally recognized manpower. Two new faculty with international expertise have been hired, one in international law and the other in international finance. As I mentioned before, these people are very difficult to find. However, with a long-term commitment and a recognized endowment, the institute certainly has only one place to go, and that is forward. It could be a very attractive program for our young people.

As I mentioned before, the U of A has an extensive East Asian language and literature program, and that particular program is very important to the international student. The U of A presently has the largest population of international students. In 1983-84, 20 percent of the students registered in the Faculty of Graduate Studies and Research were foreign students. The U of A already has considerable international expertise. It has well-established business contacts and international contacts through its international briefing centre.

Another factor for placing it at the University of Alberta would be its close proximity to the seat of government and the various departments. We all recognize that many of the countries that send foreign missions or trade groups tend to come to the capital city or where the seat of government is. With the University of Alberta being within five minutes of the Legislature and many of the government departments, there would be easy access to these particular departments so that government, the private sector, and the institute could work co-operatively together.

The University of Alberta has already recognized the importance of international studies, and they have already hired some people to deal with this question on site. One, they've appointed a new associate vice-president in academics to be in charge of international affairs. Secondly, they've set up one of their planning groups to deal with international development, with specific reference to the Pacific Rim as one of the university's top priorities.

I've given an overview of what the institute could be. I've also argued for where it should be. I don't think we're looking at it exclusively in Edmonton. The core ought to be placed at the University of Alberta — it's a natural — but it should be satellited to other places in the province so that it is not sited at just one place but rather is working together in all parts of the province, with the core or prime location being here.

I urge all members, even those from Calgary, to look at the merits of the motion. I look forward to their support and debate.

MRS. KOPER: Mr. Speaker, I'm delighted that the hon. Member from Edmonton Gold Bar has provided us with an opportunity to discuss this today. I think this motion inevitably recognizes Alberta's indisputable position as one of Canada's most vital economic centres. I also feel that the growth over the years and the demand for our resource-based industries make Alberta a prime site for the establishment and development of secondary and service industries. I feel that Alberta has a strategic location in terms of access to the markets in the Pacific Rim, and for this reason this motion is most timely. It follows the strategy proposed in the white paper.

Our objective should be to assist our companies [in Alberta] in exposure to market opportunities and where necessary, provide incentives for industry to take risks in [essential] export marketing.

[Mr. Deputy Speaker in the Chair]

The hon. member already mentioned that western Canada depends on trade and trade investment. It's a fact, too, that one job in five in Alberta is now export-dependent. According to provincial government figures, Alberta exports are growing at the rate of 15 percent annually, with a value of \$11.4 billion or 22.4 percent of the provincial gross domestic product. Mr. Speaker, I feel that that's a result of a focus and an attempt by our government over these years to develop new and pragmatic marketing strategies for our major exportable products and services. This is a real result of attention and commitment over the years.

Mr. Speaker, I believe the plan the hon. Member for Edmonton Gold Bar has introduced reflects a lot of the intents of a proposal made in October 1981 to the Alberta government with the idea of establishing a centre for international trade. The net benefits to western Canada from future development in international markets will depend mainly on the ability of the businessman to operate more efficiently and profitably in a changing global environment. This centre was proposed with the objective of equipping policy- and decision-makers with the skills and know-how necessary to improve their abilities to manage effectively in the international area.

As such, it intended to accomplish its mission with three main thrusts very similar to the ones proposed by the hon. Member for Edmonton Gold Bar: first of all, providing management training and education; secondly, developing research and publications; and thirdly, developing counselling and consulting services. They would be delivered in an integrated manner according to a plan which ensures more of an interdisciplinary approach, more practical than theoretical. While I think a sound conceptual basis is essential, particular importance is placed on the integration with the community and the practical application of the strategies in the businesses that presently exist.

This type of centre would give a high priority to trading and investment partners. It would give a high priority to training executives and exchange programs. It would seek mutually beneficial forms of collaboration between the centre and the business schools in Alberta, Manitoba, Saskatchewan, and, of course, the Banff Centre. It would emphasize co-operation and co-ordination of activities with the trade development branches of our Department of Economic Development and the international marketing branch of the federal department.

These objectives were proposed in 1981. In 1982 there was a crystallization of plans. An actual strategy was arranged and proposed to our government. It was decided that the centre should be affiliated with the University of Calgary but be established as a legally incorporated entity with financial and administrative autonomy, with the competence, through a board of directors, to enter into agreements and collaborate with other institutions in the conduct of these activities.

Mr. Speaker, this proposal meant that although the location would be in the geographical centre of western Canada, which is Calgary, it would also include membership from other areas — for instance, the leading businessmen with international business experience. It was proposed that

there be eight members: two senior officials from the government of Alberta, the academic vice-president from the University of Calgary, the director of the Banff Centre, the dean of the Faculty of Business from the University of Alberta, the director of the centre, and two members at large, representing other collaborating institutions. A director and four associates would be responsible for managing the centre, and a core of four faculty members would be recruited initially to work on the implementation of the programs.

It was decided that the centre would have to develop an excellent working relationship with the business community, government departments, universities, and all other institutions both within and outside Alberta. The purpose of those links would be to enable the centre to determine needs and expectations, to seek contributions to the process of planning its activities, to mobilize additional resources to help disseminate knowledge about the centre and its work, and to evolve a mechanism for appraising the effectiveness of the centre.

These plans were presented in 1982. A further commitment to this was presented by our Premier when he addressed the Canadian Pacific Rim Opportunities Conference on October 7, 1983. The Premier said:

Let's start to develop a sophisticated Canadian strategy for selling technology. We're starting to do this here in Alberta. For many of our smaller companies, it is just too difficult for the return, so we're trying to think through an entirely new approach. Alberta will organize seminars with the private sector, starting with the oil and gas industry ... [and] present a proposal to the private sector for a new approach by the provincial government to assist in the area of selling technology. The object is that many smaller or intermediate size companies should be able to participate in this field in a much more coordinated way.

With the initiatives shown in that paper — distributed in 1981, presented in 1982 to the government, and, I guess, reaffirmed through those words in 1983 — the 1984 presentation of the white paper by our government was no surprise to Calgarians.

If we look at some of the things that have happened since, I would like to draw the attention of hon. members to our airport. It is within the city limits, has 11 major airlines, has direct connections to most major cities in North America, and is possibly — I don't have the exact statistics — one of the most frequently used airports in Canada.

MR. SZWENDER: They're all leaving.

MRS. KOPER: No. I've looked it up; I wish I could remember the exact statistics. At any rate, it is also right on the Trans-Canada Highway and, as I said before, in the geographical heart of the four western provinces.

I should also mention that we have other initiatives in Alberta. There are some 400 companies of exporting producers in Calgary with about 20,000 employees doing about \$3 billion worth of business. They are doing this business outside Canadian borders, and they are able to retain their sales volumes, industry, and work forces.

Recently a survey was done of small businesses, high-tech companies, in Calgary. There were 250 surveys mailed out and 104 responses. Of those 104 responses, it was found that 82 percent had their head offices located in Calgary. Eighteen percent were located in other places in the world. Seventy percent of the research and development facilities of those 104 companies were in Calgary. I think

it's crucial to know that about 45 percent of these high-tech companies were employing from zero to 10 people and 49 percent were expected to expand by double within one year. Their activities right now make the future look very bright for them.

In addition to those two factors, the June 1984 *Canadian Business* magazine listed Calgary as the third city in Canada in terms of location of the head offices of various companies. Toronto had 187 companies, Montreal had [77], and Calgary had 55. I was pleased to find out that Edmonton had seven. We are also in Canada's top 500 industrial forces.

Mr. Speaker, I felt that those initiatives were very important to mention, because, first of all, they reflect something crucial. When someone from another country comes to do business in our province, as the previous speaker mentioned, it's important for them to talk to people who are knowledgeable in the area and who understand their country. But it is also very important for them to talk to people who have the authority of their company and are able to show exactly what is going on in the particular companies that wish to do business.

Mr. Speaker, I'd like to make a few other points about the location of this venture. We have no argument at all about the existence of an institute such as the one proposed by the hon. member, but I think the location bears very close scrutiny and examination. Presently in Calgary a building called Scurfield Hall is being constructed. This building represents a major commitment of the business communities in Calgary, with 50 percent of the capital and operating costs being covered by the private sector. This has not happened very many times. I think it's a remarkable initiative. A significant proportion of this contribution came from the Scurfield family. I think the late Ralph Scurfield was a symbol of the business enterprises in our community that worked so hard with the university to establish an integrated service delivery. Mr. Speaker, there's space in Scurfield Hall for this institute. There's space for the plans that were laid so long ago in 1981.

When I think of the university and the initiatives taken there, I feel it is also important to mention the entrepreneurship program of the faculty of business. The program has recently graduated 10 students with three or more courses in entrepreneurship. This is quite a distinction, because they offer far more courses in entrepreneurship than most universities in Canada. They have a unique situation where speakers in this innovative program are being asked to address audiences all over North America; indeed, they've had an invitation to Britain. Of these 10 graduates, eight are currently developing ventures along with their partners that are responsible for directly employing 90 people. Their annual revenues vary from a low of \$40,000 to \$15 million. The projected 1984 sales for the eight ventures were over \$16 million. Mr. Speaker, I only mention this because this faculty has taken a creative approach, a really active, concrete symbol of what can be done in the business community as far as initiating projects and delivering services.

[Mr. Purdy in the Chair]

Another initiative that happened very recently in Calgary is that Canadian Pacific Enterprises is now located there. This is a major incentive for delivery of contacts throughout the world.

Mr. Speaker, when this motion came up, I thought I should take a look at what we are doing in the city and

see if I could do some follow-up on some of the initiatives that are being talked about and how effective they are. I called another resource we have in this area, Dr. Talaat Abdel-Malek. Dr. Abdel-Malek has been working at the University of Calgary ever since 1981, when these first initiatives came out. He formerly worked with the Banff School of Management and has qualifications that I guess label him as an expert. Indeed, he has even helped the University of Alberta get their courses started. He lectured a few times there. I was delighted to see that. Dr. Abdel-Malek received guests yesterday from Xian University in central China, and tomorrow he's leaving for a six-week stint at that university to lecture on international marketing. I believe this is a very concrete example of what can be done to get our knowledge of the frontiers expanded through ties across the ocean.

Dr. Abdel-Malek set up a course, an innovative learning experience, designed for top government officials and vice-presidents — senior executives, so to speak — on Managing Future Challenges: a Canada/Asia Senior Executive Seminar. Out of curiosity I phoned several people who participated in that seminar, and I asked about Calgary's potential as a base for an international school of business. These people were almost unanimous in their support. They felt that one definitely should be instituted. They felt that it was important that Calgary be considered, because Calgary has the head offices of most people involved in export trade and most of them want to meet the people involved in the program. Mr. Speaker, many of them are in Calgary.

In Calgary there is great community support of the point of view that the government should be involved. It is easier to send government people down to these conferences than to send all the people who have come to visit the head offices up to a centre in another location. It appears that the excellent resources that are accessible at the University of Alberta are as close as a computer away. I hope that the resources of Calgary are that close too.

Another person I phoned was signing a co-operative agreement with China for offshore oil development and engineering. He was not available to discuss the situation with me, but I found that the company is receiving a design team from Dong-Huang. This design team will be spending four weeks in Calgary working on the preliminary design for an export oil pipeline of approximately 250 kilometres for their country. After the preliminary design, the detail and automation system will be done by people here in Alberta.

There is a real tendency to use the business community in Calgary, too, to implement the programs that are offered in other universities in the province. I feel it's vital that we continue this co-operative effort, recognizing that field experience opportunities are there in Calgary and perhaps the focus should be that it would be most convenient for the people participating to be there as well.

Aside from our resources, such as our university, Mr. Speaker, I think we should also mention the super C computer. In a recent bulletin I noticed that the super Cyber computer is affiliated with other university sites that have a super Cyber. Of course, this would be readily accessible to all universities in Alberta, but we have the University of Amsterdam in Holland; the University of Georgia in Athens, Georgia; Ruhr university in Bochum, West Germany; Colorado State; the Karlsruhe university in West Germany; Manchester university in the United Kingdom; Purdue University; and Florida State University. These hookups are there, and hopefully the super C will promote

a long-term relationship with other super Cs. There is potential here for widespread use of knowledge that will spring through these technological connections that are now surfacing in Calgary.

Mr. Speaker, we've got the BOSS system, mentioned by our minister in his estimates. We have services available to small businesses through the import/export development programs of Tourism and Small Business. We have the market forces that I've already mentioned are in Calgary. Further to that, I have two more initiatives I feel are important to mention. An advertisement was recently placed by the Calgary Economic Development Authority in *Fortune* magazine's 1984 area development section. It pulled in more replies than any other advertisement. A total of 712 requests for information about doing business in the city of Calgary were generated by a single insertion of that ad. I think that's tremendous proof of the interest in Calgary's future, especially noting that the second largest response was to the French industrial development agency, followed by the Berlin economic development corporation.

In closing, Mr. Speaker, another factor that I think is important in consideration of the location is that our Mayor Klein is presently visiting China. Tomorrow he will be signing a twinning arrangement with Daqing that was initiated by the tremendous similarity in climate, geography, and the need for transfer of knowledge in oil technology. We are related in very many ways. That agreement will be signed tomorrow. The purpose of this trip was to do that, plus to follow up earlier initiatives with Hong Kong investors.

Mr. Speaker, I feel that a great deal of work has been done. I know Alberta's oldest and largest university has contributed significantly to this development, and I would like to see some sort of arrangement for a team, a co-operative, approach. I think a satellite idea is excellent. I suggest that the University of Alberta should be the agricultural satellite community that contributes to the agricultural export business.

In conclusion, Mr. Speaker, I feel it's extremely important that we have this institute, and I suggest that we closely examine the location and debate that very thoroughly in our Legislature before we make any decision as to the location. Thank you.

MR. BATIUK: Mr. Speaker, in rising to speak in support of a school of international business education, I would like to first of all commend the Member for Edmonton Gold Bar for bringing this very important motion before the Assembly. I think it is one of the more important ones we've had. I can see the need for it, and it's timely.

First, I would like to go back in time. When I was a young man growing up in the rural area, our contact with the big city was very, very minimal. We held all the sights of the city in awe on those rare occasions when we got there. I'm sure the city folks gawked at the country bumpkins in return, because we probably looked out of place. As time went on, urban and rural contact grew. The life-styles today are comparable. My grandchildren from the farm could pass for a city kid anytime. There are no differences between them now.

Mr. Speaker, you are asking what this has to do with international business? Well, like the country bumpkin of 50 years ago, we are going to be out of place in the international cities if we don't have the knowledge and expertise to fit in, and we will be viewed as backward and rural. Our young people who are going to be involved in international business must be prepared for it, and that

means they should be able to prepare at home in their own province.

Mr. Speaker, our international trade is growing, and we are an active province in world business. Because the trend is toward increased international contact, more and more of our population is going to be involved in active participation. They need the opportunity to be trained in international business and management techniques. Because there is no such training in Canada and no university on the prairies offering international business programs, our youth are at a disadvantage and must either forgo such training or seek such training abroad. Why should they travel abroad for an education that we should be providing right here? The other loss to us is that many of these young people may move elsewhere to get an education and then remain there to work, depriving us of educated and progressive businesspeople.

Mr. Speaker, because the University of Alberta already has extensive facilities — libraries and so forth — it would be a good location for such a school. That way even people who will not be actively involved in international business can pick up some courses in order to improve their understanding of how international business works; and that knowledge can then be transferred to other areas.

Several years ago, Mr. Speaker, when the Minister of Municipal Affairs was the Minister of Education, a team came to Alberta to view the educational process. I very well remember the Minister of Education of that day asking what possessed them to come to Alberta, seeing that there are nine other provinces and 50 states in North America. They said it was highly recommended that they come to Alberta. That is a good indication that our education here is viewed as the highest on this continent. I think this addition would go very far.

Mr. Speaker, our forefathers recognized the need for an education, and they made great strides in that area. Today we recognize the need to go beyond our borders and participate in the world community. International business rules our very existence, and people in all walks of life are affected by it. Being from a rural area, I recognize that international markets affect the farmers I represent. They must be knowledgeable about world markets and prices for their grains, because it affects what they grow and when they'll sell. Their success depends on their understanding of the world commodity situation. In order to participate in the work in the community, Mr. Speaker, we must be well prepared and well armed for the competition. We will have an edge on other regions if we have people trained for it, especially if they are trained in our own locale.

For these reasons, Mr. Speaker, I strongly support this motion and urge other members to support it.

MR. SZWENDER: Mr. Speaker, I as well would like to rise this afternoon and add a few comments on Motion 216, proposed by the Member for Edmonton Gold Bar. I must commend the member for bringing forward the motion and elucidating in such able fashion the many pertinent points regarding the establishment of the international business education school. Possibly I could address this motion in two parts: that of urging the government to consider certain action and, the second part, that the school be located at the University of Alberta.

After listening to the Member for Edmonton Gold Bar, I have to ask the rhetorical question, "Would you buy a used telephone company from that man?" I was rather unconvinced before he rose in his place and spoke at length.

I have to say that his arguments convinced me that the University of Alberta is the best place. However, I will elaborate more completely on that point in a moment, Mr. Speaker.

Certainly we have to consider the University of Lethbridge as an alternative. The city of Lethbridge has two very capable members of this Legislature who may wish to rise and speak on behalf of Lethbridge. I don't think that's really necessary.

I was pleased to see that the Member for Vegreville also was able to rise and add some very important and pertinent points. I'm relieved that he didn't suggest we establish a University of Vegreville specifically with the intention of locating the business school at that site.

With regard to urging the government of Alberta to consider this action, I believe the departments and ministers that would have the greatest involvement and input in establishing the school — that is, Advanced Education, Economic Development, and Tourism and Small Business — are quite aware of the very important necessity of taking action in this matter as quickly as possible, without allowing any more time to pass by. We recognize that we are in a really crucial period of time in the history of our province. If we permit the competition — and that includes other provinces and other countries, on an international level — we will further fall behind in competing for the markets that are so important in protecting the livelihood and economy of our province. I am confident that the ministers involved recognize the crucial decision-making that's involved and the action we expect as quickly as possible.

If there are members who may not be convinced of the recognition accorded this resolution, I could bring up a couple of very salient points, one raised by the Hon. Hugh Planche, Minister of Economic Development, who in his 1984 estimates stated:

Someone asked about an international business school.

I have long been an exponent of that. I think it's essential for anyone who is going to be a player in the Pacific Rim . . . If we're going to be a partner in that trading basin, it's absolutely crucial that we have some business leaders who are familiar.

So the Minister of Economic Development, as one example, recognizes that importance.

Next, the Premier has also endorsed the concept of the international business school. In his speech at the Pacific Rim Opportunities Conference in October 1983, he stated:

Let's look at the longer view in Canada — let's reassess our education and training course content, particularly in the post-secondary area, to assure that the younger generation can, as they must, compete in this dynamic and different world marketplace by the late 80s and early 90s.

Finally, as recognition of the necessity for the establishment of the school is the government's own white paper, which is really a compilation of ideas from various departments into a proposed course of action for the next five years of this decade, 1985 to 1990. If we don't establish a firm foothold in those international markets, supported by such an international business school located here in Alberta and specifically at the University of Alberta here in the city of Edmonton, then we will further lose ground to other parts of the world. In response to the white paper, the University of Alberta has put forward another proposal for an Alberta institute of international business or international affairs. It would have much of the infrastructure necessary to support such an institution. I won't go into all the details

about the school itself, as the Member for Edmonton Gold Bar has very capably outlined that.

I think the key word we should look at at this point, Mr. Speaker, is "education", because that is the key to unlocking many of the difficulties we have faced in the past and opening doors of opportunities for the future. Education is so very, very vital to it.

The changes in our world are occurring so very quickly. They are symptoms of a shift common to all industrial countries. That shift is from blue-collar production of goods to white-collar knowledge-intensive work. The greater emphasis in advanced industrial societies is in creating wealth rather than distributing it. That was possibly a popular notion of the '60s. Economists from other parties have brought those ideas of distributing wealth rather than creating it. I believe our government has come to grips that the only way we're going to improve the economic standing and standard of living of our province is through increased activity at so many very different levels. Again, that takes us back to education and preparing our students to take an active and important role on behalf of our province and the business community in meeting those challenges.

Certainly a lot has been said about Edmonton's participation in this business school, and the Member for Edmonton Gold Bar has pointed out many, many very strong reasons why the school should be located in Edmonton. In addition, the private sector, in conjunction with the government, has done a lot of very important work at this point in setting the stage for the development of such a school. For example, the Edmonton Chamber of Commerce is extremely active in the international arena, not only in setting up seminars and bringing to the city knowledgeable and internationally known speakers but also in committing funds, particularly a \$50,000 endowment at the University of Alberta's business faculty.

We have corporations like Edmonton Northlands, which is the home of many international shows, some of which have already been mentioned. They are always acting strongly in support of Alberta's position in the international marketplace. Very soon, Edmonton Northlands will become a member of the world trade centre organization, which will give them even more access to information on trade shows and events of that nature. Very quickly, there's the Asia-Pacific Foundation, which is doing extremely good work.

Of course, the natural advantage the University of Alberta has is its proximity to government centre, right across the river, in which much of the support from government departments would be located.

I can see that one of my colleagues from Calgary is not taking too kindly to my words. I don't know why he is making certain motions, unless he wants me to cut my remarks shorter than I would like to. He's possibly of the nature that the school should be located in Calgary. I've already taken the position that Edmonton would be the proper location, and there's one very good reason for that, Mr. Speaker. Calgarians are going to be extremely busy over the next three or four years preparing for the Olympics. I just don't think they'll have the time to put in to establish this particular school. That will take the full-time concentration and efforts of people located here, the support provided by the government. In that respect I think Calgarians should be pretty happy to wait for 1988 and prepare all the necessary arrangements prior to that. That will keep them busy. It's a full-time job, and I certainly wouldn't want to overburden my colleagues and their constituents in Calgary.

Mr. Speaker, I'd just like to briefly go over once again the benefits of an international business school. Some of these points have been looked at by previous speakers, but it's important to recognize why Alberta would benefit so greatly from this type of facility. First of all, it would improve the skills of Alberta businesspeople in international business and thus improve their performance in the international arena. Clearly that's the most important objective. It would allow young Albertans to take international business training, which would enable them to move into business opportunities requiring a knowledge of the international scene. More and more future jobs are going to lie in this area. There's no other comparable school of this type at present in Canada, and so once again Alberta would be taking an innovative leadership role.

The only question I have, Mr. Speaker, is regarding the scale of involvement for this school. It's been identified in the resolution as an international business education institution, but I'm still not clear what that means. Would the school operate on a scale to provide opportunities for Albertans only and to meet the needs of the Alberta business community and the Alberta government in going out and selling the province of Alberta and its products? Or would we try to establish an international institution with an international reputation, attracting students from wherever in the world or from other parts of Canada and having a high calibre or reputation? That may be difficult because of the very fierce, competitive nature of business schools in the United States, which are larger, serve a larger market, and are often in a much better position to pay the kinds of salaries people with skills, reputation, and academic training are attracted to. That is a difficulty I see if we try to make it too large or expand its jurisdiction in too great a fashion without more information on this matter. We would not want to see it fail to meet the expectations of people supporting it.

In conclusion, Mr. Speaker, I would like to indicate once again that the location is extremely important. The previous speaker from Edmonton Gold Bar indicated why he believes Edmonton would be most suited for it, and I have a number of reasons I would like to add to that. But in view of the time and the fact that the next motion is extremely important, I move that we adjourn debate.

MR. ACTING DEPUTY SPEAKER: Is it agreed that the debate be adjourned?

HON. MEMBERS: Agreed.

MR. ACTING DEPUTY SPEAKER: It is so ordered.

203. Moved by Mr. Oman:

Be it resolved that the Assembly urge the government to consider new systems for the delivery of medical services that would

- (a) allow nurses and other health care professionals to authorize the provision of health care services, and
- (b) recognize the use of private clinics and other services which might be more efficient and thus less costly than the traditional doctor/hospital orientation.

[Adjourned debate March 26: Mr. Gogo]

MR. GOGO: Mr. Speaker, the last day I spoke on this motion, I made comments relative to the high cost of the

present system we have in place. I'd like to continue from there and perhaps explore some options.

First of all, I think the Member for Calgary North Hill has displayed a certain empathy to the whole area of medical care that not many of us fully appreciate. I've learned from experience that he's a man who has a particular interest not only in people but in people's problems, and I think he put a lot of thought into this motion. The Calgary North Hill area of the city in particular has a significant number of senior citizens, and when he put the motion forward, I think he put within that motion some words that tend to aim at a particular group of our citizens. And I think he's right on. For example, if I may repeat part of the motion, he wants to "allow nurses and other health care professionals" to be authorized to provide health care services. He hasn't really defined the other health care professionals, but I'm sure I know what he means. I think the second part is really the operative part:

recognize the use of private clinics and other services which might be more efficient and thus less costly than the traditional doctor/hospital [relationship].

Mr. Speaker, I think that over the years we in this country have been very fortunate with regard to medical care, with or without the medical care system. Last Saturday I was at a function with a 74-year-old retired physician who was telling me the miracles of medical care. He moved to Lethbridge in 1972. He has about 14 letters behind his name, which probably racks up with most everybody in the province and the country. He was saying how well he felt he did in 1962, which was four years after medicare; he earned \$12,000. As members know, the average payment today is in excess of \$12,000 per month, so medicare has obviously rewarded people pretty handsomely.

If one takes the annual report of \$609 million paid out to practitioners and takes out chiropractors, optometrists, podiatrists, and the other so-called practitioners, you'll find that some \$475 million has gone to medical practitioners — i.e. physicians — in this province, which indicates that on balance they're probably adequately compensated. They obviously wouldn't agree. I made a suggestion in the estimates of Hospitals and Medical Care that maybe it's time we published, like British Columbia does, a book showing what each physician in this province has received, in much the same way that members of this House have payments published, indicating what they have received from the public purse. That's not the gist, though, of what I want to talk about, Mr. Speaker.

At the outset I want to point out that in Canada we have some 42,000 doctors, of which 60 percent, or some 25,000, are located in two provinces. So before we move too hastily with regard to changing the system, we should probably give some thought to those parts of the country outside the 49th parallel that really don't have too much access to physicians as we know them.

As has been said before in this House, we are faced with an ever increasing aging population. We know that aging people tend to make five or six times the average claim that young people do against the health care system. Again, that brings in a certain element in terms of cost, because if we look at the occupancy of our hospitals, we'll find that the majority of those seniors in certain locales — Wetaskiwin is the highest per capita in Alberta with seniors, followed by Lethbridge and other areas — are in our hospitals.

So it seems to me, Mr. Speaker, that we tend to always relate to why the health care system is going to fail. I

don't know why it's going to fail, but the proponents of the American system are going to convince us it's going to fail. I don't know of any bankruptcies in this country last year because they couldn't pay a health bill. America has 25,000 of them. They spend 10 percent of their gross national product on the system, and we're still under 8. Yet for some reason, if we're not careful, we're going to end up like England. We keep hearing these gloom and doom stories, and as a result of that, we in the House are very reluctant to experiment.

The Member for Calgary North Hill has brought forward an excellent proposal, I think. What an opportunity to experiment! We fund our health units. We sure print some big stories about them. They're the greatest thing in prevention since sliced bread, yet we give them probably the postage budget of medicare — about \$92 million — and expect those health unit nurses to do everything. Here we're dealing with a budget of some \$2.3 billion, and that's where the problem is, if it's a problem financially. We seem to be reluctant to look for ways to reduce that. The Member for Calgary North Hill has a proposal before us that I think can reduce that in a very real way.

We have excellent physicians in this province, probably some 3,500 very capable people. I think we also are told that of the 95,000 claims — it's not published in this year's annual report; maybe it's embarrassing now. We used to have 95,000 claims a working day at health care. I suspect they're over 100,000. There are people who make claims against the health care system, payments only to be received by practitioners under the Act.

I'm told that maybe as many as seven out of 10 walk into physicians offices for problems above their shoulder blades. If that's true, if it's psychosomatic, do we really need a qualified physician, a member of the College of Physicians and Surgeons, to determine that? Could we not use somebody that the Member for Calgary North Hill proposes? I think there's a lot of merit in that. We've come out with medicentres. There's one up the street. Has it really reduced the health care cost? I think there are referrals to the University Hospital. It's probably an add-on cost. The criticism of the member's motion that I've heard around this House is that it's another add-on cost. Is it really? We're so quick to make judgments without trying it. The member is simply saying to us, "Why don't we try it?"

In that context, I'd like to make three brief comments. First of all, we've seen the utilization study done in this province — the green book that no one's been able to unravel. I think we paid \$300,000 for the answers, and we haven't got them yet. Why are surgical procedures 50 percent higher in Alberta than anywhere else in Canada? Nurses, by the way, don't do surgical procedures, so let's not blame the nurses. We haven't got the answer to that. We went as far as Toronto to hire some brains to determine it, and we still haven't got the answer. That's a fact. You cannot argue with pathologists' findings that surgery takes place. The separations from that book tell you. Nurses don't do that, and yet for some reason, we're reluctant to say, "Hey, how about trying nurses in the health delivery system." Oh no, it's an add-on cost; you don't dare.

Secondly, Mr. Chairman, under Dr. Blair and others, the Calgary General hospital, the greatest rehabilitation centre west of Toronto, has a very excellent system of rehabilitation for those who are unfortunate enough to have lost limbs and so on. What do they do? They use a team approach of four or five people, and a nurse is very prominent within that team. So she or he plays a very significant role. They're obviously qualified for that.

It seems to me that we're looking at more and more of our population aging. In America they say two-thirds of the Medicaid system — that's for aging people — is paid in the last 10 months of a person's life. I think it's something like \$20 billion. Does anybody in their right mind think they're getting good mileage using dollars for that in America. As members know, the governor of Colorado spoke some time ago about their having to prioritize expenditures for health care in America. He was almost hung in effigy for endorsing euthanasia.

It seems to me that we continue to get all kinds of experts who know all the answers, and yet the people in charge of the system, the College of Physicians and Surgeons on the one hand and the medical specialists on the other hand — my figures indicate that 18,000 members of the Alberta Association of Registered Nurses have put forward a proposal simply saying, "Why don't you give us a try?" That's all they're saying. It seems to me that we really couldn't go wrong if we got nurses — not in the technical diagnostic area with CAT scans and so on; that's not what they're saying. They're saying that a significant number of problems today are going via the physicians office and are ending up at either the Lethbridge Regional hospital at \$300 a day or the University of Alberta hospital, the largest hospital in Canada, at \$850 a day. That's where they're going. If we could only take 2 or 4 or 6 percent of these people who perceive that they have problems and let a health professional such as a nurse look at them, maybe we could save untold millions of dollars.

As I indicated before in this House, Mr. Speaker, we have some 50,000 births in this province. To me, hospitals are synonymous with illness. Birthing has to be one of the most natural functions in the world. Even we didn't invent that. Yet we insist in putting it in a structure called an illness centre at heaven knows how many dollars a day. We still have the proud record, I think, of being 15th in the world in infant mortality; it's a long way from the top. And we think our medical system of delivering these things is the finest in the world.

Why don't we give the nurses in this province an opportunity to show their stuff? I strongly urge members to give serious consideration to the motion from the Member for Calgary North Hill.

Thank you.

MRS. FYFE: On that last point, Mr. Speaker, I guess I've had more births in an illness centre than the Member for Lethbridge West, so maybe I'll be able to give a little advice as I sit beside him in the House and suggest that some of us who have been in that situation may prefer to have them in illness centres rather than some other locations.

I'd like to compliment the Member for Calgary North Hill for bringing this motion forward for debate in the Legislature, as health is an extremely important subject and a matter of concern to everyone in our province at some point in their lives. Many people in our province are not directly impacted by the costs, so they no longer equate the cost to the actual services they receive. There is an experiment going on in Red Deer, I believe, with the hospital giving out bills at the end of a stay, itemizing the procedures and services that have been given to the patient so that there's some realization of the actual service paid for. As has been said many times, government is that nebulous body that provides services for which nobody pays. There is the feeling that if you don't pay for it directly, there is no cost relationship between you and the provider

of the service. So I think it's appropriate for those of us who are directly aware of the increasing cost of medical care to debate and study subjects such as this matter brought forward by the Member for Calgary North Hill.

I've had some discussions with members of the Alberta Association of Registered Nurses who are quite supportive of the initiatives of the Member for Calgary North Hill. I've tried to develop a better understanding of the wellness model the Alberta Association of Registered Nurses has put forward, which, in my understanding, would provide a greater degree of education and personal responsibility for our own health care and for our own bodies. I'm sure the wellness model can be more broadly defined and better explained than that very brief explanation, but I think it is a step in the right direction, that each of us as individuals has to become more aware.

I have some concern with the wording put forward in Motion 203. The motion is broken down into two parts, as members are well aware. The first is to

allow nurses and other health care professionals to authorize the provision of health care services.

Other health care professionals currently have access to the system, or at least some of them do. Chiropractors, for example, have access to the health care system, up to a limit. We have put certain restrictions on a variety of health care professionals who are allowed entry into the fee payment system. The province of Alberta has made a judgment to allow other professionals to become involved, yet with certain restrictions. In fact, Alberta is more generous than other provinces in the provision of extended health care services by other professionals.

I think one of the areas I would like to see expanded is a greater emphasis on the team approach to the provision of health care. We sometimes fall into thinking that only the physician is able to authorize certain services, and that has been a traditional way of thinking. Too often physicians have relied on themselves to provide a lot of information in which they are not trained. For example, when you get into areas such as nutrition, a physician probably has very little experience or training, relying instead on referral to a nutritionist or someone who is qualified and capable of providing specific information and advice. In the first aspect, I support the team approach to the provision of health care, but I am concerned about access to the system. I'm going to come back to it.

The second aspect is the recognition and the use of private clinics and other services which might be more efficient and thus less costly than the traditional doctor/hospital orientation.

I'm glad the member used the word "might", because I have not seen any indication that the emergency medical clinics have really saved money. In fact, I believe they have become an add-on. In the work I have done in this area, they do provide a service. There's no doubt that emergency medical clinics have provided an alternative to hospitals for the patient who may find that the medical clinic is right around the corner, it's easily accessible, and it's much faster than getting to an emergency within a conventional hospital. However, the problem starts if it is anything of a serious nature. The seriousness may result in, one, the patient first going to an emergency medical clinic that cannot provide procedures such as treatment for cardiac arrest and time may be lost in getting the patient to proper facilities.

Secondly, it is my understanding that there are often referrals from the emergency medical clinic to a hospital

emergency, which must then admit the patient. You have one set of fees generated in the emergency clinic and another set of fees or costs that have been generated in the hospital emergency. So what was meant to be a saving is not a saving at all. The patient who simply says, "I need some treatment because I have a pain in my stomach" may not realize that that pain is more serious and may require emergency surgery or some other treatment rather than simply advice that "You'll be all right: go home and take an antacid."

I don't want to be supercritical of all clinics, though, because I think there is also a case to be made for those clinics that are providing a specific service at a reduced cost. The example I will use are clinics that have been developed for surgery for replacement of lenses for patients with cataracts. A very simple procedure has been evolved which prevents senior citizens — it's usually senior citizens in that circumstance — from having to be admitted to a hospital and a prolonged stay over something that has a new procedure that is far simpler and less painful as far as time and procedure to the patient. So there is a place, if the emergency clinic is in fact providing an alternative but not a duplication. Too often in the emergency clinics it's simply a duplication of what is already there.

I think we have to remember that the hospital emergency is not open simply 16 or 18 hours a day; it's open 24 hours a day. That cost goes on whether patients go there or not, because the service is something we expect. You're not going to reduce the costs of the hospital by opening two or three emergency clinics down the road; that is simply an addition to what is already there. When we're talking about health care economics, another area I think we have to be most cautious about is drawing conclusions from complex questions and coming up with very simple solutions. Health care economics is not simple; it's a very complicated area.

One other example I would like to give relates to the mover of the motion, who referred to the statements of private physiotherapy clinics, comparing the cost of service of the private clinic to that of the hospital. He used the figure of \$4.90 in the private clinic compared to \$11.33 in the hospital. I haven't had an opportunity to research what these were based on. I can tell you from personal experience, Mr. Speaker, that for my own daughter, who requires a significant amount of physiotherapy as a result of cystic fibrosis, it was more convenient to ask for referral to a private clinic because of the location of that clinic, but the private clinic did not carry the kind of pulmonary equipment that is available at the hospital and is a requirement for that kind of patient. If it's simply a matter of physical exercise or some of the important things that are carried on in private clinics — I'm certainly a great supporter of the existence of private clinics. I don't think the conclusion drawn is necessarily a valid or fair one. I just want to use that as an example, as it's very important that we're comparing two equal items.

Another area where we fall into a trap relates to the comparison between Canadian and U.S. health economics. This is also a very difficult area to compare, because health care provision in the United States is based on a user-pay system. It's based on an insurance system that is supported by the patients, and the salaries that are paid to health care professionals in the United States are certainly far different from the structure we have in our country. One of the criticisms I have of the health care fee schedules in our country is that an incentive is provided for production-line

medicine. The more procedures a physician does in a day, the greater his income is going to be. That's always the offset: if you take away that incentive, they won't see as many people and the system will become greater because we'll have to hire more and more people to do the same thing.

In my own layman's terms, I see this as a need to provide a balance. I think the balance has swung too far to production-line medicine. That's not going to be valid for surgeons who can only complete so many procedures in a day. If they work extra hours, it's likely because they stayed up later in the evening or got up earlier in the morning. And it likely won't apply to many of the specialists who take time with their patients. But I believe we should try to find a solution that would be less of an incentive for production-line medicine. I think that if we came up with a fee scale that provided a greater amount of money for the first number of procedures or patients seen in any day and less for those that are seen later on, the larger number of patients, we may encourage physicians to take a greater amount of time with their patients.

[Mr. Speaker in the Chair]

I don't think we should look back and say, "We could cut back \$100 million a year by cutting back on the number of fees." I think we should look at a higher fee for a smaller number of procedures or patients seen in one day. I may be right out to lunch, but I base my premise on the fact that I believe many patients go back to a physician to be reassured that they are still healthy, that there isn't necessarily anything wrong with them. They need to be told by someone who is qualified that their heart is still ticking, that their blood is still running up one leg and down the other, and that everything is still okay. If a physician had time to sit down and listen to the little questions that come to us — if you know your physician is trying to rush you in the door and out because he has to see somebody in the next room and there are 25 people in the waiting room, you panic a bit. You haven't got time to be reassured, to ask about all those things that are troubling you. If you have that reassurance and time is taken, I don't think you'd be back next week to say, "Oh, I forgot to ask about this." The Member for Lethbridge West said that as we get older, we utilize the health system more frequently because the old body tends to break down. As we get older there is probably a greater need for reassurance that the old body is going to function for a while yet.

I would like to see us seriously work at a system that would provide our physicians a fair wage, a fair fee, but one that would provide less of an incentive for production-line medicine and more quality care for each individual patient. Some physicians do this themselves. They simply say: "I'm not interested in seeing 75 or 100 patients a day. I will limit my patients to a certain number." Obviously, there's a responsibility on the part of patients to ensure that they try to find a doctor who will take that care. A lot of people don't, and our system pays for those people who don't and those physicians who want to see as many as they can to increase their income. I'm certainly not opposed to having a fair income.

I mentioned the team approach, and I want to come back to that. As I said, I believe physicians should rely to a greater extent on other health care professionals. I have seen a couple of examples that worked exceptionally well,

in my opinion. One project existed in two medical clinics in St. Albert some years ago. It was funded by Health and Welfare Canada on a three-year basis. In the beginning the two medical clinics were reluctant to accept other professionals. I believe one was a nutritionist and one was a public health nurse. I believe another clinic had a psychologist and another professional, which I've forgotten. However, the point is that after a while the physicians began to rely on these professionals who were working in their own clinic. So instead of sitting down with someone who came in with obesity, an overweight problem, and saying "This is the diet; follow it," they could simply say, "We have somebody working on our team who is prepared to sit down with you, take half an hour to review the kind of diet you have now, to look at your life-style, and to follow it up." It is a less costly thing, and the results of not having someone with obesity come in every six weeks, or whatever it is, to have their blood pressure and all the other symptoms of obesity checked could be resolved by that team approach. Someone could spend a greater amount of time with that patient and be more cost-effective in the long run. This project ran out; the funding was gone, and we lost it just at the point when not only the physicians and the clinics accepted it but many of the patients in the community accepted it.

I'm aware of two other areas. One is the hospice concept, where a team approach works with families who have a member who is in the last days of life. A contact person is available for that patient to ensure that if something happens when they're at home or they have some kind of crisis, there's a person they can call. Instead of having to call a physician and meet the physician in the emergency care, there's a contact person, most often a nurse, who is available to reassure the patient that things are normal. If they have a crisis, they can be admitted, but often it's just someone to talk to and to assure them that there's somebody in those long dark hours of the night.

Another area that comes to mind is a project that I read about recently. It relates to teenage pregnancy and the problems young girls go through in making the decisions on how they're going to have their baby and care for it. This is an area where nurses could provide a tremendous amount of support in assisting teenage girls to look at their diet, to be responsible not only for themselves but for that other life they're carrying. Sometimes that support isn't available from families. Too often emotions are involved in it. It's an area where health care professionals could provide a tremendous amount of support, encouragement, and direction for that young person, who is often unable to make those decisions for herself.

As other members have said, I think that we underutilize our public health programs. Often public health is considered the Cinderella sister. Other health care professionals often don't consider the health units and health care programs as part of the whole team. I think they should become a greater part. We have a fantastic public health care delivery system across this province, and we have expanded greatly in recent years in home care and geriatric services and mental health care. There has been a great expansion in these programs. I'm a great believer in prevention and education, and this is an area where I think there could be greater correlation, utilization, and support, not just from the dollars that come from provincial governments, which we have been encouraging, but from the whole health care delivery system that would rely on prevention and public health as a very integral and important part of health care within our province.

Mr. Speaker, I'm just about out of time this afternoon. It doesn't take a doctor to prescribe an aspirin for a sore throat. On the other hand, it must take medical judgment to ensure what the cause of that sore throat is. So we must be concerned that entry into the system doesn't simply evade the basic responsibility for who is going to make basic judgments. We must be concerned about the liability and who is responsible. On the other hand, there has to be a much greater utilization of other health care professionals who can contribute, who are trained to perform services we are currently not utilizing, which I think could result in more cost-effectiveness. I agree that we're going to have to become far more serious about increased emphasis on prevention and education. With an aging population, this is an area that is going to require a greater and greater amount of our concern and consideration.

With that, Mr. Speaker, I appreciate having the opportunity to participate in this debate.

MR. COOK: Mr. Speaker, I'd like to second many of the comments of my colleague from St. Albert. Unfortunately, I have about two or three minutes left in the debate period. I'd like to generally support the proposal brought forward by the Member for Calgary North Hill. I think it's timely and well thought out.

In reading articles in preparation for this debate, an article published in *The Economist* magazine about April of this year came to mind. It argued, Mr. Speaker, that in the western industrial democracies, we're increasingly forced to ration health care services. The system has become so expensive and so difficult to manage that we have to either look for cost-efficiencies or make choices. The hon. Member for Lethbridge West referred to the kinds of choices that are being discussed in Colorado and the very difficult emotional debate that arises from that. Society is going to have to start allocating resources.

Mr. Speaker, a lot of us have not yet recognized our own individual responsibilities. In a state medical system I think that's easy to ignore, because people are not responsible for directly paying for the service, and they're sheltered, if you like, from the results of their activities or life-styles. We have to begin considering managing our weight, alcohol use, tobacco, driving habits; we could probably argue for seat belt legislation. I know that's going to be difficult for some members and for some people in the community, but as we get to the point where we're trading off certain things, we're going to be trading off medical resources and dollars.

Mr. Speaker, I think it's worth looking at freestanding clinics, at trying to have other health professionals take up some of the burden and load and doing it in an efficient way, utilizing the skills and talents of physicians in areas that are more specialized or require more knowledge or education. But I think the nursing profession has dramatically upgraded its educational standards. Many nurses are now going through the BSc. program and have many of the same skills other health care professionals have and are competent to handle routine medical care.

Mr. Speaker, I think we have about one minute left. In view of the hour, perhaps I should adjourn the debate now and hope that we can come back to it later.

MR. SPEAKER: Is it agreed?

HON. MEMBERS: Agreed.

MR. SPEAKER: It is so ordered.

MR. KING: Mr. Speaker, perhaps I could exercise one of the privileges of being the Acting Government House Leader and, before I make my motion, observe that the debate this afternoon has been one of the best I have listened to in the House, for the variety of the debate, the observations, and the obvious care and attention that have gone into the presentations made by the members. I have enjoyed it.

I would like to advise hon. members that the House will be in Committee of Supply this evening for consideration of the estimates of the department of Treasury and the department of energy. That being the case, Mr. Speaker, I suggest that the Committee of Supply be convened at 8 o'clock this evening and that the House stand adjourned until such time as the Committee of Supply rises and reports progress.

MR. SPEAKER: Referring to the proposal by the hon. Acting Government House Leader, is it agreed?

HON. MEMBERS: Agreed.

[The House recessed at 5:31 p.m.]

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

#### head: COMMITTEE OF SUPPLY

[Mr. Appleby in the Chair]

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

#### Treasury Department

MR. CHAIRMAN: I believe the hon. Leader of the Opposition wanted to make a comment or two.

MR. MARTIN: First of all, Mr. Chairman, I understand the Treasurer held off the other day for me to come back with comments. I thank him for that. As it turned out, there were a number of other things I didn't know about at the time because of more recent developments. We could perhaps carry on with pension liabilities, but I would bring up two or three other matters that have come up since the last time the Treasurer had his estimates.

First, we would like the Treasurer's comments about his assessment — the buzzword, "confidence" — about some of the latest things. Obviously, I won't bore us by going through the latest unemployment figures, but I would like the Treasurer's assessments. We've talked to the Minister of Manpower, but I think it's important that we hear from the Treasurer in that area.

I don't know if the Treasurer is aware of the latest farm statistics in the overall economy and what's happening in rural Alberta. I'd like the Treasurer's comments, because the latest statistics from Alberta Agriculture predict a sharp drop in Alberta farm income for 1985. I remind the Treasurer and other members, Mr. Chairman, that these are the Alberta government's own figures from Alberta Agriculture. If the Treasurer isn't aware of them, I'll give him some of the

highlights. The April issue of *Farm Cash Receipts* predicts a 25.6 percent decline in realized net income for producers in Alberta in 1985. Of course, realized net income does not include the value of inventory changes. It's been pointed out in this Legislature that many people have been selling off their inventory, so it's possible that the net income will actually drop by more than 25 percent this year. I remind the Treasurer that the total net income declined by 12 percent in 1984, following 47 percent the year before. I've talked about the comments of Unifarm and other organized farm groups, indicating that this is the worst it's been since the Thirties, the Depression.

They go across the border, Mr. Chairman. They say in 1985 there'll be a projected 20 percent decline in wheat receipts, a 9.6 percent decrease in canola receipts, a 2.5 percent drop in cattle receipts, and an 8 percent drop in hog receipts, as well as a .9 percent increase in operating expenses. It did include the government's fertilizer rebate, but of course, it hasn't updated to know what's going on with the sugar beet industry, which we've discussed in this Assembly. We've pointed out in the Assembly that in the first quarter there was a 17 percent increase in bankruptcies from the year before.

I bring this up is because I think it's important to continue under the Treasurer's estimates the debate we've been having in the House about recovery or lack of recovery. We'll be talking with the energy minister later. We've acknowledged that there may be some movement there, but it seems to me it's hard for people to feel confident when these sorts of things are happening. I stress to the Treasurer that they're not my figures; they're the Alberta government's figures. This is a major industry in the province, and that ties in, of course, with the most recent unemployment figures, Mr. Chairman.

The other area that I would like to have the Treasurer comment on is our favourite bank. There are some new figures dealing with the Canadian Commercial Bank. The latest figures I have — maybe the Treasurer has some updated ones. But it goes back to last week when the president was dealing with a committee of Parliament. It was indicated, and he seemed to agree, that when I raised the question, \$600 million of deposits had gone. But last week that was up to \$850 million. I doubt there've been any major trends in the last week. If there have been, I'm sure the Treasurer will tell me.

To come back to the word "confidence", Mr. Chairman, is the Treasurer still confident that this bank is going to be solvent and, in fact, are we not saying that our bailout package of \$73 million might not be in some difficulty now? Following along with the Canadian Commercial Bank, something that the Treasurer doesn't have — I wonder what his comments were about the lawyer, Mr. Joel King, representing several of the bank's preferred shareholders and his claim that court proceedings are being contemplated through which those preferred shareholders may assert first claim on any profits earned by the bank. I wonder if the Treasurer has any news. Have they proceeded to court, have they dropped it, or what's the latest in that that the Treasurer may know?

The other area has to go back to a statement that the Provincial Treasurer said on April 22, Mr. Chairman. He said:

I don't believe there will be any further need for the Alberta government to participate beyond what has been committed.

I guess in view of the fact that things keep seeming to get worse there — I think the Treasurer would agree that the latest figures are disconcerting, to say the least. We've got \$250 million more taken out in deposits. Is any consideration being given by this government to throw in even more money in addition to the original \$73 million, or is there a point where we say no, or has that point been reached? I am concerned that this may go on and on.

The other area I'd like the Treasurer's comments on in the Canadian Commercial Bank has to do with some comments made by his Conservative brethren, if I can put it that way, the Members of Parliament on the Commons finance committee. At least a couple of them were expressing reservations about the competence of the bank's management. One pointed out that the bank gave its own officers \$8 million worth of low-interest loans. I don't know if that's true or not; I'm going by Conservatives in Ottawa and what they said. But my point in bringing this is: can the Provincial Treasurer advise whether or not, as part of the bailout deal, the bank was required to change some of its management practices or even some of its personnel before they would get the deal from the British Columbia, Alberta, and federal governments and the other banks that were involved in it?

I conclude with those areas and the pension liabilities. Going back over *Hansard*, I think the Treasurer said that in pension liabilities there are three ways to go. I guess we all agree with that in terms of what you do with pensions. But the point I was trying to make — and the Treasurer has obviously disagreed with the Auditor General — is that I believe this should be part of the overall financial statement of the province. I know it's written; if people want to look, they can find it. It's not that it's hidden or anything else. When we see the overall financial picture of the province, I think we should keep in mind that it is a \$4.1 billion debt that has to be paid at some point and is certainly part of the finances of the province. It seems to me people should be well aware of that. I agree with the Treasurer it's a different way of doing books, but the point should be brought home to Albertans that that is, in fact, part of the picture. That's part of the debt that we'll owe, obviously not tomorrow or the next day but in a number of years. Following that I just ask one question with regard to the increases paid by employees. The \$4.1 billion debt: over the next five years what is the immediate impact? Are we looking at its gradually going up, will it stay the same, or what would be the prediction? Will it be \$5 billion, or do we expect it to stay right at that \$4.1 billion?

Mr. Chairman, with those few questions I'll wait for the Treasurer's answers and perhaps follow up.

MR. HYNDMAN: Mr. Chairman, first to the matter of the economic situation in the country. I think my colleague the Minister of Manpower has over the past two or three sitting days very clearly enunciated the situation with respect to the economy. No question that all of us continue to be concerned about the existing level of unemployment in the building construction industry, not so much in the industrial or institutional construction industry. The nature of the structural problem there is one which we all are sensitive to. However, as the hon. member can see, I think there are increasing numbers of positive indicators that the economy, in most sectors, has stabilized and is moving ahead. Certainly the energy sector, which is powering the recovery at the moment and which to a very large degree has an influence on construction, is coming back. Therefore, I think there are reasons not for unrealistic optimism but certainly

for a measured optimism that there will be a step-by-step and quarter-by-quarter overall improvement and that those sectors which are coming out of the special difficulties of the economic downturn will get stronger on a gradual basis, moving towards recovery and sustained growth.

No question that in the agriculture sector the year is going to be a difficult one, as we indicated in the Budget Address. I believe that the statements and prognostications made there are still correct. The government can assist in a number of ways. Input costs are certainly an area where we have moved, not only in previous years with the 7 cent a litre farm fuel distribution allowance that shields, protects, or assists farmers to the greatest extent of any state or province in North America but also the new fertilizer program as well as the program to assist the sugar beet producers on a temporary basis.

The long-run problem is one of protectionism, of finding and sustaining markets for the agricultural products that we can produce so well. There's no question with productivity because without question Alberta farmers are some of the most productive in the world. Therefore, that is a problem of continuing concern and, as indicated by my colleague the Minister of Agriculture, the steps which must be taken to indicate to other jurisdictions that a continual round of subsidies by other governments will not be acceptable in the long run in the marketing of our agricultural products, are a high priority, need to be continuously sustained, and are a subject of daily conversation within the government.

With regard to the Canadian Commercial Bank, there is no question that the Bank of Canada has on a weekly basis supported the Canadian Commercial Bank. This is not unexpected in cases such as this. I still believe, as does the government, that the move taken by the government was the right one. In addition to the confidence factor in western Canada, the need to retain and maintain western Canadian financial institutions, we have to remember that if the Canadian Commercial Bank had gone down, hundreds of small and middle-sized Alberta businesses which had borrowed money from that bank, whose loans would have been called, would have gone into bankruptcy as well, and that would have involved a large number of jobs. There's no question, though, that these recovery situations for an institution such as a bank will take time: a number of months, maybe even longer. However, in terms of the province of Alberta, at the moment I don't see and it's not the government's position that we would see any further involvement by the government of Alberta in the Canadian Commercial Bank.

With regard to the statement by a lawyer with regard to the situation of preferred shareholders, I'm sympathetic to the situation in which they find themselves. However, the reality in situations of this kind is that shareholders sometimes are put in a very difficult situation. There have been statements that there may be legal action. If legal action is initiated, my position at the moment is that the Alberta government would recommend defending it. I understand that at the moment there's no action in process, but in order to protect the position of the Alberta government in the matter, we would, at least at this stage, take the position of defending such an action, should it be initiated.

With regard to the situation in respect to management, I have not had an opportunity to study the transcript of the proceedings which have gone on in Ottawa in some considerable depth, I gather, over the course of the past week. There were not any specific conditions or requirements with respect to either the makeup of the board of directors or

the management as part of the support package arrangement, which took place over the course of hours, not days, but it is not impossible that there may be modifications with respect to either the makeup of the board of directors of the bank or the management in terms of what that board of directors would see. That is something which might unfold over the weeks and months ahead.

With regard to pension liabilities, again I have indicated that yes, there is a difference of opinion with the Auditor General as to the display of the pension liability, whether it be in a footnote or in the actual accounts. If one followed the approach and philosophy of the Auditor General, then there is something over a \$4 billion debt situation for the province. I think that, if anything, that again underscores the need for very prudent budgeting, the need and requirement that we not get involved in the kind of deficit situation, the kind of 33 cents on the dollar cost of paying the public debt that the federal government is involved in, and the need to try to hew as closely as possible over a reasonable time period to a balanced budget philosophy.

With regard to that figure over the next five years, that is very difficult to predict. As the hon. leader knows, the report of the Auditor General indicated that the actuarial estimates which most recently came to his attention were significantly different in some ways from those in 1981. There's no question that the elements of actuarial predictions have changed over the years since 1981. The actuaries used certain assumptions with respect to the retention level in the public service from 1975 to 1981 and projected them, and of course, by reason of the economic downturn, that retention level is far, far higher than it was. As well, that means there is a larger number of older people in the public service who in future will be receiving pensions than was the case in the past, when they were younger. In some cases, these kinds of changes in the mix or pattern of those who will be pensioners make a massive difference in one's actuarial predictions. What is now ongoing is a review of the most recent and very useful information of the Auditor General and the actuaries with respect to all pension plans the government either administers or guarantees. The pension boards will have access to all those actuarial reports in order to try to assess with some greater precision the contingent liability of the government in the next five years and, indeed, the next 10, 20, and 30 years. We made changes last year on a basis of .25 percent a year in the contributions of two plans. In order to keep those plans viable and to ensure that current costs are covered by current contributions, it may be that some increases would be indicated in the future in some of the other plans. It would be premature to say that until at least an eight- to 10-month study of the actuarial reports and implications of the Auditor General's report is conducted.

MR. NELSON: Mr. Chairman, I want to deal with an area that is not necessarily the responsibility of the Treasurer, other than the fact that he doles out the money. I'm a little concerned. Somewhere along the line could the Treasury or the government immediately pull back the \$200 million loan that was offered to Vencap, if it's possible, rather than let it stretch its term?

The reason I ask that is that Vencap seems to be in the business of borrowing or at least venture capital funding with regard to the oil and gas sector, which is reasonably alive and well and certainly should be able to look after most of its activity. Additionally, of course, they seem to be reinvesting in companies associated with the government.

If we're going to invest in that type of activity, we should be investing with funding from the government, rather than lending money to an organization such as Vencap and then asking them to participate.

It seems to me that Vencap has not done what it was intended to do. Vencap has become a joke in the community, and I suggest that if it is at all possible, we remove those moneys from Vencap — the Treasury could use them very well — and reinvest them in such areas as small business equity corporations, where the money is being used by those outfits. Of course, the private sector is gung ho and gang-busters in getting those funds into the marketplace. They have done an outstanding job in the first few months of this activity. Quite frankly, I'm so disappointed in Vencap that I could just about blow the roof off this building.

I think it's time we took a position and told Vencap to become either active, proactive, or whatever or remove those moneys and put them back into the Treasury. I don't know whether I'm off base with the Treasurer here tonight. If not, possibly he could advise whether that is possible, and we could get those moneys into the marketplace and get some investment in this province.

Thank you.

MR. HYNDMAN: As I recall, the Minister of Economic Development entered into a discussion with the hon. Member for Calgary McCall on this issue on a number of occasions in the past year or two.

This Legislature voted in the 1983 spring session to set up and fund the Vencap Equities Alberta Ltd. All hon. members are aware that there have been a number of issues raised and debate and discussion as to the inadequacy or otherwise of the projects and investments of the corporation.

I believe, though, that it may be fair to say that it's premature at this time to draw any definitive conclusions as to the activities of the corporation. There was a pent-up demand, if you will, or a pent-up list of venture capital companies which immediately came to the fore, went to Vencap, and needed an assessment. I think the Legislature was right in setting up Vencap as an arm's length corporation from government rather than having it as a branch of a government department, insofar as most bureaucracies are not well-known for venturing, whereas the private-sector entrepreneurial juices are the ones that should be encouraged.

In short, I think the jury should still be considered to be out and that we can better assess the successes and ventures of Vencap in a longer time than it has actually been in operation. But I will certainly convey the views of the hon. member to the Minister of Economic Development. Doubtless there will be occasions in this Assembly and other forums to further debate the activities and future of that corporation.

MR. MARTIN: Just to follow up about the economy, confidence, and the things we've been discussing through a couple of sessions. I said before and I say again, Mr. Chairman, that the reality for people is just not as the Treasurer sometimes paints it. That was the point of talking about the farm economy, unemployment, and what's happening in the small business community, because that still is the reality.

Mr. Chairman, I've acknowledged there should be some activity, some increase with the oil industry, and that will be certainly helpful to the province. The Treasurer is well aware that I think part of our problem is diversification. I've talked about it before, and I won't bore him again.

We're too much involved with just that one industry and totally depend on it to pull us out. That's a debate we've had many times in the Legislature. The point I make is this — and the minister of energy has agreed, and I think the Treasurer has — that even if the industry comes back to what his budget says, it's still not going to have any significant impact on unemployment and some of the other vehicles. I've asked who the recovery is for.

Let's say, for example, that the oil industry is coming back somewhat, and that is encouraging. I would like the Treasurer to comment, though, on projections we may have, because I think they are serious. I talk to oil people. They're guessing what's going to happen to the world oil price. Nobody knows for sure. I raised this just briefly today in the last question to the minister of energy, but perhaps it's more appropriately raised with the Treasurer, who has the responsibility of the overall finances of the province. He's perhaps aware of Ted Haner who spoke in Calgary. I might point out that the economic forecasting service he's with is not a fly-by-night outfit. I'm sure the Treasurer is aware of it.

Its paid-up clients include the economic development departments of all Western governments, most major international corporations and banks, and the Soviet Union's secret police service, the KGB.

But the point I make is that he's a serious economist and well respected. Whether he's right or not is a different thing. But I'd like the Treasurer's comments, first of all, on what this person is saying, but specifically how we react, if we have projections and fallback positions, these sorts of things. Generally, he said,

the world is headed for the worst economic reversal since the Great Depression in 1987 . . .

He says what's going to bring it down, which brings it appropriately to this province, is "oil prices collapsing about 25 per cent to \$21 (U.S.) a barrel or lower." He goes through what will happen, and of course, that one thing will follow from another. I don't need to go into all that, but it's a forecast that it will fall that badly. Other people were taking it seriously anyhow. He was speaking to the University of Calgary MBA Alumni Association. It says he told this to a "stunned audience". There were comments after that they were taking this very seriously. He even asked them:

"I just can't see anything out there to support stronger oil prices," he said. "Can any of you?"

No reply. And these were, of course, a lot of people in the oil industry in Calgary. My point is that he was saying this will lead to the worst depression since 1987, and obviously if it affects oil prices it will affect this province dramatically.

I would like the Treasurer, as our chief person involved with finances in the province, to comment on this. But secondly, to follow up on that, does his department have projections? I tried to get this out of the minister of energy, but maybe it's more appropriate coming from the Provincial Treasurer. I know we can say we monitor, but that never means anything to me. Do we have projections about what would happen and fallback positions if the price of oil falls to a certain point or if it goes up or whatever? Do we have people in the Treasury Department, or perhaps even involved with this particular group, BERI, that are assessing international markets, especially because we're so reliant on oil and gas? Do they then come back and talk to the Treasurer about fallback positions, what might happen, and what we could do if this sort of thing happens? I guess

I'm trying to find out if we have plans if it goes badly or if it goes well, for that matter.

I think this is very important. It's part of what we've been saying, not just to go along and react to events after but to be prepared. Of course, if it falls 25 percent, we obviously can't be totally prepared. But are we assessing and planning to lessen, if I can put it that way, the impact on Albertans if these sorts of things happened? Even if it didn't fall 25 percent, if it fell even 10 percent, it would still be significant, according to oil people here in the province. It would certainly stop that recovery in the energy industry that we've talked about. The minister of energy has admitted that it is fragile and nobody really knows. I'm not necessarily asking the Treasurer to guess, but I wonder if the Treasurer does get that sort of feed-in from his department and if they have access and are following the projections in the world market, as I think they should. I wonder if that's being done. If the Treasurer would comment on this, I think we'd all be interested in this sort of analysis.

MR. HYNDMAN: Briefly, Mr. Chairman, firstly on the matter of employment and jobs, I think it's very important that we not use the general phrase "unemployment". Yes, there is an unemployment problem which continues and is structural and of serious concern, particularly in the building construction industry. But there is very little unemployment in Cold Lake. In fact, there are jobs there for tradespeople that can't be filled, as the hon. member knows. It's a question of looking at building construction as opposed to engineering or industrial construction, which is doing much better, or institutional construction. But there is no question that the absorption continues with respect to building construction and that we probably still have, as has been indicated, a supply beyond our peak demands at the moment. However, month by month and week by week, with the vacancy rate dropping in apartments, in commercial space, and high-rise office buildings, that will move towards not only a stability but the solving of that problem in the building construction industry.

It will take time, though, and even with a \$2.7 billion budget, the largest per capita in the country, there's a limit to what government can do. We can even build ahead of need, as we're doing with the Fort Saskatchewan jail, but the problem will remain in the building construction industry until there's an absorption of the problem there.

With regard to oil prices, they are fragile, and it's difficult to predict revenues from that source. However, all one can do, in terms of a preparing a budget and trying to assess and predict what revenues will be over the course of the ensuing 14 months of the fiscal year, is to work on certain assumptions. As I've indicated, our assumptions with respect to oil, for example, were that with the moving to decontrol in Canadian oil so that there are market prices, an increase in the amounts which we'll secure from old oil would result in an increased amount per barrel over the previous year. On the other hand, there is no question that there is general opinion that there could well be a softening in the existing oil price, perhaps in the range of a couple of dollars or even more. That has been taken into account in this budget as well. Balancing that against the increased prices we will secure with respect to old oil essentially comes out with the indications we have of a virtual stability in terms of general revenues achieved from oil over the course of the year. The same kinds of assumptions have been used with respect to natural gas, where without question

the volumes of natural gas exported have increased but perhaps at a lower average price overall, meaning that we think the revenues netted will be about the same as last year.

With respect to the particular prognosticator mentioned by the hon. gentleman, I don't think he is generally in line with most of the economic opinion of North America at the moment. There's no question that there is any number of opinions, but I think the general opinion would hold that there could be a softening during the summer months, particularly in the international oil price of \$29, but that it is unlikely it will drop to such a degree as this gentleman suggests. The departments of Treasury and energy, of course, constantly secure the best possible information they can from around the world, with respect to what economists and others feel will be the future price of oil and the stability or instability of the energy industry. The best we can do, as I've said, is to try to look at all that mass of information and then use certain assumptions with respect to what will happen over the next 12 or 14 months. We have assumed that yes, with the extra revenues coming in as a result of the decontrol of oil, there could be a softening with regard to the international oil price, but that will probably end up as somewhat of a wash in terms of the budgetary revenues to the government of Alberta. Of course, if that turns out to be very significantly different — and I don't think it will — then there would have to be moves to cut the cloth to fit the pattern with respect to expenditure and revenue. However, in the last seven years we have not had that kind of problem.

Basically, we have to remember that industrial democracies and those countries around the world that are becoming more and more industrialized and are increasing the education of their population use more and more oil every time that occurs. A person who lives in the desert in north Africa may use two barrels of oil a year. A person in North America uses 110 to 120 barrels of oil a year. That will continue. The other thing to remember is that oil is a finite resource. Oil is not being made any more. Therefore, in the long run when you're facing what in terms of the world is an increased demand, we have to remember that in North America, for example, we are not replacing the amount of oil that is used by people every day. In the middle term, certainly, there is a good prospect that simple, basic forces of supply and demand will keep that price within a reasonable range of up and down movement.

MR. MARTIN: To follow up, I agree that from every different economist you get a slightly different opinion, especially when you get into the international market. There are some trends, though, that do worry me. That is, as I understand it, the U.S.S.R. and Great Britain have been lowering it significantly on the spot market. OPEC has, of course, been complaining that they're out to get OPEC. Frankly, we happen to be on the coattails of OPEC, to some degree, because of the nature of our resource-based economy. The point I was making — I should have said this; perhaps I didn't. He was not saying it would be in the next year; he was predicting this starting in 1986 and accelerating in 1987. So perhaps the analysis the Treasurer has is correct. It may be just a slight fall in the next year. His analysis was that this would happen in the last part of '86 and '87.

I want to follow up a little more on that rather than this prediction, because I think it's important. The Provincial Treasurer has to be a forecaster as well as a money manager

to run a complicated province with over \$10 billion in revenues and in expenditures and the heritage trust fund, so I would take it that the Treasurer is very much in the predicting business, to some degree. As he mentioned in his budget, you have to look at that. Because of our resource we have to look at the international market so much about what is happening in the world, perhaps more than any other province. My question was: do we have people working in Treasury following specifically these types of reports that come from all over the world? Is this updated on a regular basis? How often do these people have access to the Treasurer?

It seems to me it's not only next year's budget that the Treasurer has to be worried about and thinking about, but it's two, three, or four years down the road. That's why I tried to bring this out, not to be dramatic. It's one world forecaster, but there must be a number of other ones. I'm wondering precisely what that process is so that the best possible decision can be made when it comes to budgets, whether it's the worse possible scenario or the best possible scenario or if there are three or four possible scenarios. It seems to me, Mr. Chairman, that is a very important and crucial process to the welfare of this province and its people. If the Treasurer could, what I'm driving at is how that process is arrived at, not specifically within the province but at the international level and especially with what's happening with world oil prices.

MR. HYNDMAN: Mr. Chairman, the government, through not only the Treasury Department and the Department of Energy and Natural Resources but also Executive Council, constantly seeks and secures intelligence from around the world as to the probable health of the energy industry on virtually a day-to-day basis. Not only is that information secured by people who are employees of the government, but as well from other advisers in the financial community around the world. I might mention as well that the missions undertaken by the Premier not only to New York recently but also to the European continent are an integral and an important part of that intelligence in the sense that they add a third dimension, an overlay of intelligent judgment and opinion to the actual economic facts that can be assessed and can provide, to a degree, a signal as to what may be happening. Of course, in the weeks prior to the setting up of a budget there has to be some pulling together of that information in a more focused way to make a prediction in the early part of the year as to what the revenues will be. But the health of that industry worldwide — the trends, the pressures, the likely production of the Soviet Union, of China, of a host of other areas, the future of OPEC, its strength — is monitored virtually on a daily basis, not only by members of the Alberta government but others as well and through the Premier's office.

Agreed to:	
Department Total	\$132,347,400

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

[Motion carried]

#### Department of Energy and Natural Resources

MR. ZAOZIRNY: Mr. Chairman, perhaps in fairness I should complete responses to a number of questions that had been raised in our first session and which I wasn't able to complete prior to time expiring. In our last episode

we had a response to the hon. Leader of the Opposition's queries about going ahead and exporting oil. We responded about the importance of being able to maximize our production, following good conservation procedures, to ensure cash flow for the industry and explained the consequences of not doing so in terms of barrels of oil not being producible for many years thereafter.

The hon. member had also inquired about what might be required to see oil sands projects go ahead. He raised the question as to whether or not we should be pursuing this, whether it's economically feasible. Mr. Chairman, I think the appropriate response and, certainly, our view as a government is that we believe that we must take all prudent steps, we must do all we can as a government that is reasonable, to ensure the early development of that massive and marvellous oil sands resource we have here in this province. So we're sitting down with industry, particularly in the aftermath of the new energy agreement, and we're saying to industry: take a look at your own assessments, take a look at your numbers, tell us what you think is required to see an early moving ahead with major integrated oil sands projects, and let's talk about it. The short answer to the hon. member's query is: we're going to make every effort to quickly determine whether or not an integrated surface mining project of the Syncrude variety can move ahead at an early date, if the ingredients are there whereby the private sector can move ahead and government can play an appropriate role. If it can be done, we want to see it happen, and we want to see it happen now.

Mr. Chairman, the hon. member also raised questions about the energy accord, prospects for job creation, and what the overall impact would be. Again, I think the short response is that there's a new environment, a new atmosphere and attitude that's swept across this province in the aftermath of our new energy agreement and being able to say goodbye to the NEP. It's an environment which encourages investment. Of course, that's the crucial ingredient. To see activity occurring we've got to have investors saying to themselves: "We want to get into that Alberta oil patch. We think now is a prudent time to invest. The opportunities are there." Mr. Chairman, I think there is mounting evidence that that's exactly what is occurring. We see arising from that a growing momentum of the oil and gas recovery that has taken shape in the latter parts of 1983 and 1984, and I think we're likely to see much more of the same through 1985, 1986, and onward.

The hon. member also inquired about the status of the Husky Oil project. He referenced a report of an official in the federal Department of Energy, Mines and Resources who had raised some questions with respect to the project. Mr. Chairman, certainly the president of Husky Oil, Mr. Arthur Price, responded quickly to that press report and made it clear that Husky is moving right ahead with the project. On April 1, they announced the award of the design contract. In 1984 and early 1985 we've seen some \$70 million spent on pipeline construction. We saw \$140 million spent on heavy oil production. We've seen a number of production programs under way involving waterflood and cyclic steam injection. I also took the opportunity to have my office speak with the office of the federal minister of energy, and we're certainly able to satisfy ourselves that the federal government remains committed to that project. We see it moving ahead and being a very important initiative for Alberta and for our excellent heavy oil resource and, of course, a major impetus to the Lloydminster area. That activity is taking shape already. If anyone has any further

queries about that, they need only speak to the hon. member for that constituency.

Questions were also raised with respect to the Alberta Petroleum Marketing Commission. In the context of that, the hon. Leader of the Opposition inquired about my use of the term "a limited market circumstance" in relation to the application of prorationing. Mr. Chairman, just for clarity, my use of that term was simply intended to reflect a situation where, in fact, there was inadequate demand. We hadn't adequate sales to cover the available oil. That is a situation we ran into when we had the export controls in place. We don't expect to see that kind of situation arise, but that was the context within which I used the term.

He also talked about the extent to which the Alberta Petroleum Marketing Commission will have a role. Of course, on deregulation on June 1 we will move to a market circumstance where the producers of the oil will have the opportunity to enter into direct buyer/seller sales arrangements with the purchasers of that oil, but at the same time we've taken the approach that we're going to have the Alberta Petroleum Marketing Commission both market the royalty share of production and provide for our smaller producers, who may not wish to become engaged in marketing on an active basis, to utilize the services of the APMC. We're right in the midst of the implementation of that approach now. It's an exciting time. We've had indications already that a number of producers wish to draw upon the auspices of the Alberta Petroleum Marketing Commission. It has some distinct advantages to us as a province to have the APMC with that role, because it facilitates, to the extent that we have, in handling a good portion of production and provides some opportunities in terms of ensuring the optimum price for our oil. So that process is going ahead at the current time.

Mr. Chairman, the hon. member also inquired about the status of the Ontario/Alberta coal task force. I can report that that task force is at the stage of finalizing their report. The completion, finalizing, and release of that report will, of course, be co-ordinated with the province of Ontario. Their current political circumstances being as they are, it may be some time before we're able to finalize that, but I look forward to being able to bring forward the results of that report. I should make it clear that we don't expect it to produce any quick fixes, but we think it's a very worthwhile effort as part of an overall strategy on the part of this government to try to maximize our coal sales both domestically and abroad.

In that context, the hon. member inquired about our prospects to sell into the Japanese market. He raised that specifically. He asked about our ability to compete or inquired as to whether it might even be impossible. No, Mr. Chairman; clearly it is possible, not impossible. I think our coal industry has done a very commendable job of maintaining our market share in Japan under difficult current market circumstances. I had occasion to travel to Japan with the hon. Provincial Treasurer on an investment initiative. I had a chance to speak with representatives of the coal purchasers there, and I think it's fair to conclude that there is a continuing opportunity for Canada, and Alberta specifically, to market coal in Japan. We've got to be price competitive. We have to look at ways of being even more efficient by way of production and in terms of upgrading our coal. We're working hard in those endeavours with new initiatives such as the office of coal research and technology, but our coal industry recognizes the cyclical nature of that business. They're doing a commendable job

in difficult market circumstances at the current time, and they're going to be there as those market circumstances improve.

Mr. Chairman, I will very briefly respond to a couple of inquiries and queries made by the hon. Member for Spirit River-Fairview, who is not in his seat this evening. He inquired about two areas particularly, one being herbicide utilization and aerial spraying specifically. In response to a series of questions he had about the possibility of aerial spraying, I simply respond that the government has no plans in the current year to become involved in an aerial spray program vis-à-vis our forestry initiatives.

He also inquired about the Berland-Fox Creek area. I think the short response to the opportunities there are, first of all, that we take the view that there needs to be a maximum utilization of the resource in that part of the province. The nature of our forest resource in that area is, significantly, a smaller diameter wood. That being the case, the view is that an optimum utilization would involve both a major pulp facility and a related sawmilling facility. The opportunity for such a major utilization to occur is obviously inextricably tied to market circumstances. As hon. members are aware, current world pulp prices have not taken the upswing that many experts forecasted not too many months ago. In fact, the prices are quite soft at the current time. The financial circumstances of the pulp industry are difficult. Their cash flow circumstances are difficult. In that environment, of course, the opportunity to move ahead with major projects is rendered that much more of a challenge.

I should say that it is one of the areas we're looking at very closely as part of our white paper follow-up. There were some specific ideas put forward in the white paper to do with moving ahead with our forest industry. More will be said in the weeks and months ahead in terms of our very important forest industry in this province, Mr. Chairman.

MR. SPARROW: Mr. Chairman, questions were raised by the hon. Member for Spirit River-Fairview at the last session. These points primarily had to do with the Eastern Slopes policy. Some of these points arise simply because the policy has not been thoroughly read. Other problems are because only select words are used to jump to a desired conclusion.

There were statements made about individual groups who seemed to be dissatisfied last December. I'd like to advise, Mr. Chairman, that there were many, many groups that also showed full support for the policy. The Alberta Integrated Planning Advisory Committee discussed it many months after the policy was written and virtually unanimously endorsed the policy at one of their meetings. At a later meeting two of the groups wanted to withdraw that support after a change in membership showed up. So we have had a good, substantial, positive feeling from the majority of the users. I think there has been a lot of misinformation that should be clarified.

He mentioned several points, and I'd like to go over those points for clarification. The first question related to the wildlife resource. Reference was made that there was a deletion of references to the compulsory protection of wildlife. This is incorrect. The 1984 policy states very clearly that the protection of essential fish and wildlife habitat is a paramount concern, along with watershed protection in all zones. It also explains the intent of the critical wildlife zones so that fish as well as the wildlife habitats can be designated. This is a real expansion in the policy. For instance, the Castle River plan has expanded its critical

wildlife zone by some 711 percent. So it shows you that through the integrated resource planning process at the regional level, serious consideration is being given for wildlife and wildlife habitat.

Another reference was made to a deletion of a statement related to the protection of natural areas. This objective has been retained and is stated under Cultural and Ecological Resources. For the members who want to look it up, it's on page 7:

To protect both representative and unique areas of natural or cultural significance for recreational, scientific and educational use of Albertans.

Just the wording has been changed; the protection is there. I'd like to ask the member to read it on page 7.

A third point claimed that the statement that service centre development will generally be directed to define nodes associated with transportation corridors has been deleted. Again, this statement has been retained and can be found verbatim in item 4, page 13 of the 1984 policy. Clarification innuendos have led me to believe that was deleted. It's definitely there.

Another point of contention he brought up was the elimination of the requirement that Crown lands along the Eastern Slopes be retained under public ownership. Again, the old policy of 1977 allowed for the sale of lands to take place, and the new policy states that

most of the public lands in the Eastern Slopes will be retained in public ownership for the use of Albertans.

This has certainly been the case historically and we intend to maintain that emphasis. I think it's important to note that over the years there has been a net gain in public lands in the Eastern Slopes particularly in the southern portion as a result of acquisition of private land parcels. Thought is being given to setting up a revolving fund for the sale and purchase of lands in that area. It's a very vast area, and I should remind the House that it's something in the amount of 18 percent of the total province. It's not a very small area at all.

The fifth point raised by the member pertained to the watershed. As I stated earlier, watershed protection is considered to be of paramount concern in all zones. The overall objective of the watershed management is:

To ensure a continuous, reliable supply of clean water to meet the needs of Albertans and interprovincial users now and in the future.

The member can find that on page 2, paragraph 5, if he wishes to read it. In my estimation, this statement clearly includes the concept of water quality.

Another point referred to by the member was permanent residency in townhouse developments. This question in the new policy of allowing permanent residency generally is left to the discretion of local authorities where it properly belongs. It is more appropriate for that decision to rest with local municipalities, as the cost of these services and infrastructure necessary for residency is normally absorbed by them.

Another question related to eliminating the phasing out of resource development which existed in the prime protection zone prior to '77. As identified in the 1977 policy and confirmed again in the 1984 policy, where lands in the prime protection zone are presently being utilized for resource development activities, the uses will be continued until extraction is complete. That is still the case. Where a disposition exists but the land is not being utilized, it is the intention to examine these situations in detail during the

subregional planning. Each development as it comes forward will be considered.

The eighth point he brought up referred to the permission for oil and gas development in the prime protection zone. The Eastern Slopes policy has always provided for that exploration and development to take place.

A ninth point raised states that the revised policy would allow off-highway vehicles in all zones. This is not the case. It is not a permitted use in the prime protection zone. In the critical wildlife, special use, and general recreation zones, it is considered compatible only "under certain circumstances and under special conditions and controls . . ." These circumstances and conditions are being addressed at the present time and will be again at the subregional plan level.

A final point raised referred to the permission for helicopter use in the prime protection zone. My position on this issue is that there are significant economic and social benefits to be realized through the legitimate use of helicopters for tourism. Problems associated with helicopters and their use are not widespread and were not and do not need to be addressed in either of the policies. Wherever we have a problem, situations that come forward, we make an effort to resolve them on a site-by-site basis.

Mr. Chairman, the role of consultation and resource management planning within government departments and with the public, especially, has increased significantly through this integrated management planning process started in 1977. As you know, in 1981 we started to review the policy, and it was rewritten in '84. I think it is a very positive move forward. We're looking forward to many meetings that are taking place in the regional planning process. Some 15 plans are under way, and by this summer and fall they should be finalized.

The consultation with the public is not a one-shot affair that is evidenced by one study; it is not restricted to one set of hearings or just one opinion survey. The statements made by the people of Alberta have come to us from correspondence, telephone conversations, and many informal and formal meetings. This input has been used to create the new policy. It is our intention to continue that public input through the integrated management planning process.

Thank you, Mr. Chairman.

MR. MARTIN: Just to follow up on some of the things that we've been discussing with three or four questions and then go into some new areas with the minister of energy. If we have time, I have some other follow-up for the associate minister.

Just to come back, when we were talking specifically about jobs, I mentioned that the federal minister had been maybe a tad optimistic, according to even her own reports. That's not this minister's responsibility. The minister came back and talked about confidence, how there was a different feeling, and things like that. I expect that's true, but I was trying to see if his department had any projection of what this means in terms of jobs. I know that you can't say it to the nearest five or 10, but she had quite a wide range; she said it was 100,000 to 300,000. As I said, their own papers indicate that was perhaps too optimistic. I'm asking if we have a ballpark figure of the jobs created specifically in Alberta.

The other thing was about Canstar, and I appreciated the minister's answers. Obviously it has to do with whether it's going to be economically feasible or not. Perhaps PetroCan has other sources, maybe the federal government;

I don't know. I and a lot of Albertans want to know, because there was a lot of talk about it last year. PetroCan throws out the flag every once in a while and says that it might be coming. I know you have to take in the world price, and what I'm going to talk about may even go against the economics of the tar sands. How serious is it at this time? Is it at the planning stage? Are a number of companies thinking about it? Is it just PetroCan? Is there a reasonable length of time when the decision might be made, or is it just kite-flying at this particular time? What I am driving at is where we're at with that.

Perhaps the minister overlooked one of the other areas I was asking about. In question period 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. The minister knows that I have expressed some concern about that, because it seems to me that the farther away the more expensive it is. That's generally the new oil, which we want companies to go after. I wonder if he could explain a little more what he meant in that area.

I have a number of things that go into a couple of areas, but rather than break it up and disjoint it — I just had the discussion with the Treasurer because I thought it was appropriate. As the minister is aware, I mentioned in one question today at least one economist's dire predictions. I didn't make it clear — that's impossible in question period — that he was talking about not the next year but the latter part of '86 and '87. The minister and I have had these discussions. It's a guesstimate at best. Some trends besides what this economist said concern me somewhat, and I'd like the minister to allude to them. I point out that, as I said to the Treasurer — the minister wasn't here — it's not a fly-by-night outfit. He was speaking to the MBA group in Calgary and has very good credentials. That doesn't make him right, but a lot of people buy from him, including most western governments. I was mentioning even the KGB in the Soviet Union, but most international corporations buy. So he's taken seriously.

More importantly, I notice that the International Energy Agency has indicated that oil consumption by non-Communist, industrialized countries fell 2 percent in the first three months of the year. The agency also said that it has revised downward its previous estimate for oil consumption over the last six months. It predicted consumption would decline further in the second quarter, to 33.8 million barrels a day, and remain at that level in the third quarter before rising to 35.3 million in the fourth quarter. In view of those dire predictions and the world price's importance to Alberta — there's no doubt about that — I would like the minister to comment. I know we've had this, but the reason I keep coming back to it is it's so important for this province. We're told that the only industry that may pull us out of the doldrums is energy, and it's based to a large degree on what happens in the rest of the world. I would like the minister to comment on those trends, if he may.

The other area I'd like to continue with the minister is his ongoing discussions. I don't know; maybe it's my chance to lobby the minister or whatever before he comes up with his new royalty rates. When I said 20 percent today, that was the minister's estimate. The point I was trying to make today is that that's basically where it was at in the early '70s. The Alberta government at the time found that royalties were low. They were about 16 percent. Of course, they raised them, through public hearings and all the rest of it. Because of all the things we've done since then, ALPEP

and all the rest of it, it's down to 20 percent. The minister made a little speech in the House, but there are different ways to come at that 20 percent, as the minister is well aware.

I'm always trying to drive at the new oil, where it's going to create the jobs. I'm sure the minister would agree with me there; the old oil is already there. That's why we've been pushing for a success-based royalty holiday; until they start producing, they pay their expenses. That's rewarding success. I wonder if the minister has looked at that. Again I come back to it being as simple as possible. It seems to me, as a general rule you can get rid of a lot of the other incentive programs we have if oil companies knew they could go out and drill and they weren't paying royalties until they were actually recovering it. As I say, this would especially help smaller, Canadian companies. It seems to me that makes good economic sense. The minister and I have had this debate. A lot of other things weren't based necessarily on success, they were based on overall royalty schemes that didn't necessarily reward success. I guess it comes down to a philosophy of how we want to create those jobs. The minister said that he's looking at perhaps establishing a success-based royalty holiday system to encourage drilling. My question is: if we move in that direction — I can be hypothetical here — what does that do to all the other programs? I would hope there would be some realization that if we move in that direction, we don't need some of the other very expensive ones, say, royalty tax credit and the rest of it. I think you'd be doing the job of stimulating the oil industry in a better way.

I asked about the 50 percent of incremental increases on old oil because it's my understanding that the previous minister said that was generally what they tried to do. For old oil they would take 50 percent of the incremental increase and the new oil, 35 percent. That was generally a policy. It wasn't always perfect, but they were looking at that general vicinity. When I asked the minister in question period I wasn't quite sure — I'm sure it was meant that way — whether that was still the policy or not, is it changed to some different figures, or whatever. I recognize it's simplistic, and I recognize a lot of various schemes, that it's very complicated and very difficult to come to these figures. Maybe part of the problem the energy industry is talking about is how complex it is to figure these things out.

I wonder if the minister could comment if they're giving any consideration in their review to establishing a noncash, lease bid system. I'm thinking that especially in areas where there's a lot of play, as the minister is well aware, the price goes up and often a smaller company can't compete. Are we looking at some other way to give smaller companies with a limited cash flow a special incentive, if I can put it that way, at little cost to the taxpayers? It may be different things — an agreement to work it right away, because often some of the major companies will hold it. Is there some other way they can get in, especially the hot areas where fields develop quickly? I wonder if anything like that is being looked at, Mr. Chairman.

I got the impression and perhaps not correctly, that we were looking at a single royalty for new oil. Maybe I wasn't correct in that. I make the recommendation for obvious reasons that perhaps we should look at a dual royalty system to encourage continuing exploration for new oil. It seems to me that the old oil that was there before 1974 should have a different royalty rate than new oil which is much more expensive to get at. I wonder if that's being considered in the royalty review at this particular time.

The other problem that we have is IPL and what's happening there. We've had this discussion in question period from time to time. In part of the royalty review — I know it doesn't follow along totally, but the two things fit together — is there any discussion with IPL to review a portion, so the smaller Canadian companies are assured equal access? I know it's a major problem; we can't put it all on, especially with heavy oil. Maybe the minister can update us in those areas.

One other question on royalties. I'll stay there for a while. Has there been any thought or a consideration of a shadow price, above the world price, for synthetic oil? It might come back to what we're talking about. I know with deregulation we have one price, but if we're going to get any of the other projects in the tar sands on stream, I wonder if any thought had been arrived at on a different price for synthetic and whether that has been talked about or not.

Basically, those are the major things I want in that area. I'm sure we'll have some more questions in that area when I come back, and there are a number of other areas in the energy industry. I'll leave it with the minister on those few questions.

MR. ZAOZIRNY: Mr. Chairman, I'll take a whack at trying to respond to all the queries the hon. member raised. If I fail to cover the list in its entirety, it will be only because I can't write as fast as he can talk. And I'm sure he will draw my attention to any oversights, as I would be pleased to have him do.

He did inquire and reiterate a question he had asked previously about the job implications and expectations as a result of the new energy agreement that we have. I should say in the first instance that I think the hon. member knows me well enough to recognize that I do my damndest not to get into too many numerical forecasts of how things will unfold, and that's very much the case in this instance, not because I have any lack of optimism about job creation occurring but simply because of the vagaries of engaging in predictions. I think it's fair to say that job creation is starting to happen already, and you can see and sense it when you're talking to Albertans and taking a look at the career opportunities section of some of the provincial newspapers and see the hiring that's been going on in terms of our drilling industry. It's happening already, although I wouldn't purport to quantify it.

The extent to which it will do, of course, depend somewhat upon projects going ahead. If you look at the overall oil and gas sector, we're seeing a real strengthening of our conventional industry on the oil side and now the gas side. Our drilling completions are up significantly for the first quarter of 1985 on the natural gas side, and that's a very significant turnaround from 1984 and 1983. If you look at the in situ projects, there are a number going and more on the drawing boards; the extent to which we see an acceleration in the conventional industry, the extent to which you see some of these specific projects, such as the in situ projects, being moved ahead. That is of course going to be a major determinant in the number of jobs that actually do arise and accrue in the months and years ahead. That's very much the case with the major integrated oil sands projects. We've recognized throughout the time frame that's involved there. These are private-sector decisions that have to be taken. I think there is every cause for the optimism that is very prevalent throughout the province and growing

day by day. That's as far as I would venture into the area of jobs and our expectations for the future.

That takes us into the question the hon. member raised about oil sands projects and integrated surface mining type projects. He inquired specifically of a company the hon. Premier was quoted in the *Financial Post* as viewing as "not his favourite company, but . . .", and that is Petro-Canada. We have had a number of discussions with the Petro-Canada people. Essentially, they have been of a preliminary nature. Of necessity, that was the tenor of the discussions prior to the new energy accord, which had to be resolved for there to be some measure of certainty about future prospects for the entire industry and certainly the oil sands side of it. I have met with senior Petro-Canada officials since the signing of the western accord within the last number of weeks. They are engaged in some specific discussions with possible industry participants. It wouldn't be fair to name names, except to say that a number of companies have expressed some initial interest in taking a good, hard look at whether such a project is doable. The list isn't an extensively long one, but some companies have expressed an interest, and that is being followed up.

As far as a time frame is concerned, again it's a little hard to get a handle on, but I would like to think that within the next number of months we should be able to come to some conclusion. That's a real ballpark approximation on my part, because it involves a number of companies having to come to some conclusion individually and then collectively. Undoubtedly it involves the federal government, as well as our own government, but for our part as the government of the province of Alberta, we intend to play as active and positive a role as we can in trying to expedite that assessment and decision-taking process.

The hon. member made further reference to this matter of regional transportation differences, vis-à-vis new oil exploration. The view that I have received from the industry is that, being believers in the private enterprise system and the market system, they didn't want to see some kind of imposed postage-stamp rate arrangement. That was the case under the regulated system we had with the NEP, but as we move away from that into a true market circumstance, that kind of system just isn't administratively feasible in the first instance without some specific changes to our regulations and our approach. As I say, the general view of the industry was that they liked the market approach, but at the same time, I have received some views in a particular submission from an explorer in that part of the province who suggested that we take a look at whether during the course of our incentive review and assessment, we might not want to take that into account. So we're not talking about a postage-stamp, crude oil pipelining arrangement, but rather an incentive which tries to give particular recognition to the opportunities that exist in northern Alberta for new oil exploration, and we're going to take a look at that.

Oil prices: as the hon. Leader of the Opposition pointed out, we have had some discussion of this very important subject on earlier occasions. He engaged in similar discussion with my colleague the hon. Provincial Treasurer. I hate to keep trotting out clichés when it comes to forecasting, but it just gives rise to oodles of them. Another one that comes to mind is that with forecasting, the only thing you know for sure is that it's going to be wrong. You just don't know by how much. That's the case, because inevitably one can't predict with precision what the future is going to hold. No one knows for sure.

I think that in the course of making our own assessments of the future, we have to take a look at the past and the present. If you do that in the context of world oil prices, you recognize that for the last couple of years now there have been all sorts of predictions about what would happen with the world oil price. There have been those who predicted the free-fall scenario, which I understand this particular analyst is suggesting. The reality is that it hasn't happened. The reality is that we have seen some adjustment, some slippage in world oil price, but that free-fall that some have predicted from time to time hasn't occurred. That doesn't mean it won't, but I think that in taking a look at the future, we have to take a look at the recent past and present circumstances. The reality is that while there has been some modification of price, there hasn't been a free-fall.

I reiterate the view I expressed on another occasion that I really do believe that OPEC can have a very major influence on some price stability on the world oil scene through their diligent control of their own production level. Irrespective of whether or not there is some upswing or downswing from time to time in world oil consumption, the world consumes a certain volume of oil every day. Of necessity it must purchase a significant portion of that needed volume of oil from the OPEC membership. If they are thoughtful about maintaining production levels, the price will automatically settle out and not swing violently.

The hon. member made reference to the International Energy Agency and some revisions of their forecasts. I simply say that notwithstanding these adjustments and nuances from time to time, we all recognize that in the not so longer term, the world is in fact going to be consuming more oil than we are finding. The reality is that as the years go by, we have to be mindful that we can again become very vulnerable to the OPEC nations and the reality that they control a majority of the world's reserves of conventional oil.

I think we have to engage in the approach the hon. member alludes to; namely, very closely monitoring the current circumstances and expectations for the near term. But we also have to have a little more vision and look a little further down the road as both a province and a nation and recognize that we could again find ourselves within a relatively short number of years in an oil shortage situation. That, of course, is all the more reason why I think Canada needs to get on with ensuring our own supply of oil, which we have in such great abundance through our tremendous reserves here in the western sedimentary basin and the longer term reserves and the potential of the oil sands.

The hon. Leader of the Opposition talked about the incentives and royalties review that we are engaged in. He talked about the importance of taking a look at the new oil side of the equation. Certainly, there is no question that is an important part of the equation, but when one is assessing what is an appropriate approach to a fiscal regime for oil and gas exploration and development in this province, there are two sides to the equation. One side, which the hon. member is referring to, is an incentive to get out there and find more. I think that's where concepts such as the royalty holiday, which we have had in place in this province for a number of years — I simply reiterate that point. It's nothing new, and with all due respect to the hon. member, it wasn't his party and it wasn't Saskatchewan that initiated the idea; we've been doing that in Alberta for a number of years. It's simply a matter of the extent to which we apply the concept. We've been applying it basically with respect to exploratory wells, but that's the one side

of the equation. There has to be an incentive to get out there to look for more oil, and that incentive has to be an appropriate rate of return for the explorer when you measure all of the costs of exploring and developing the resource.

There's another side to it as well, and that's cash flow. You can't simply start from scratch and get into the business in that fashion, and Lord knows, our industry wants to be very prudent about the extent to which it loads on more debt. We've been through that experience, and I think we all recognize the importance of nondebt sources of finance. So the other major aspect is current cash flow. The industry has to have an available current cash flow with which to be able to get into that investment and that further exploration and then reap the rewards that a proper incentive-based system will provide.

That's where we do get into a discussion about the adequacy of the current cash flow to the industry, and that's a very important part of the equation. The hon. member, I thought, made reference to the royalty tax credit system when he was making comments about simplification. It's fascinating business, this notion of simplification. I think that in principle, and to a significant extent in practice, people in industry are very much inclined toward simplification. By the same token, there are certain approaches and incentives we have in place in our energy sector that may not be that simple, but they're doggone important to the industry, and the industry feels very strong about their retention. Number one on their list is the royalty tax credit. The royalty tax credit has a major impact, particularly on small explorers. It isn't as important to the larger companies because it has a \$2 million cutoff. But, boy, to those small explorers that royalty tax credit is absolutely vital as far as their ongoing cash flow side of the equation is concerned. I can't recall any submissions from industry that I've seen to date that called for the abolition of the royalty tax credit. I would suggest that, notwithstanding some measure of complexity, certain terms of its administration, and the hon. Provincial Treasurer would confirm that were he here, it is viewed by the industry as almost sacrosanct.

The hon. Leader of the Opposition inquired: if we move even more to a rewarding, success-based system, what do we do with our other incentives? Again, I made the point a moment or so ago that right now we have a mix of incentives. Some are of the grant type where they reward the activity itself, and I don't think we should be too demeaning of that approach. I think it has served us quite well in the years that have gone by since the inception of programs like the exploratory drilling incentive system and the geophysical incentive system. It may well be that we're at a stage in the development of the resource of this province where we want to focus perhaps exclusively on the rewarding success type of incentive such as the royalty holiday. But first of all, let's not be too quick to condemn some programs that have worked well for us in past years, and at the same time, let's recognize the current mix of incentives is a blend of the grant type and the activity- and success-oriented initiatives.

If we make some determination to focus more on the success-type incentives, the hon. member inquired what happens with the others. That provides a nice opportunity for me to explain in some depth the process we are engaged in right now. That process really has a couple of facets. First of all, a number of our current incentive programs were due to expire on March 31; they have an annual expiration and review time frame. That included the exploratory drilling incentive program, the geophysical incentive

program, and the oil royalty exemption system, the new one we put in a year earlier. In early March we announced that we were going to extend the deadline for the normal review of those programs by some four months, to the end of July. We did that at a time when we didn't know what the results of our discussions with the federal government would be, but we thought we wanted to have the opportunity to review them and assess their appropriateness in the context of a possible and hoped-for new energy accord.

That accord was achieved, as hon. members are aware. As part and parcel of that accord, this government was quick to acknowledge and affirm that what those energy discussions were about was endeavouring to get the industry going even more strongly in this province and in this country, because it is such a marvellous engine for growth throughout Canada and certainly for Alberta. Frankly, I can't think of an industry that has more potential right now than the oil and gas industry. We said, "That's what we want to do." In the process of arriving at that accord, we said — and this applied to B.C. and Saskatchewan as well as Alberta — as provincial governments, we weren't looking to take more money as a result of the accord, that the whole process was about getting industry going, getting more cash flow into the hands of industry. We said that we would be quite prepared and thought it was appropriate that if some additional cash were to flow into our coffers as a result of deregulation, we weren't going to capture those dollars; we were going to make sure that they flowed to the industry. Our revenues would be kept whole at their current level, but we thought any additional revenues should go to industry. That's the essence of it, Mr. Chairman.

We had a review, first of all, of our current incentive programs. There are a certain number of dollars, and it includes the dollars of the petroleum incentive program we have in place here in Alberta that we're delivering to the industry through certain mechanisms. We're looking at whether those mechanisms are the best that we can have and whether we can perhaps deliver those dollars in an even more effective way. There is no change there in the aggregate number of dollars that we're talking about.

The other component of it is the possible net benefits, the additional dollars, that might otherwise accrue to Alberta as a result of deregulation. We're going to have to come to some overall assessment of what those dollars might be and recognize that, of course, those expected dollars might change as a result of what happens with price over time. But we're going to do our damndest and make an honest effort to come to some estimate of what that would be. Those packets of dollars are what is going to be available for the industry. That's why I've been saying to the industry that they ought not to expect any substantial reduction of royalties. We did that, and very properly so, in 1982. But I think that we have the opportunity here to come up with an even more effective incentive approach, and I'm hoping there will be some small measure of additional dollars that can be provided to fuel that investment and job creation activity that the energy industry has become renowned for. It unquestionably has the finest reinvestment record of any industry in this country, and that's something that is a simple fact of life.

The hon. member inquired about royalty rates, the suggestion that it had been the position of this government to try to capture 50 percent of incremental revenues on the old oil. Even in the oil and gas activity plan of 1982 we modified that approach and reduced that level. The fact of the matter is that you can't carve an approach in stone.

You have to be responsive to changing circumstances in the industry. We did that in 1982; we've done it from time to time as we have modified various incentive programs, brought in new ones, and modified old ones, such as the geophysical incentive program, which we trimmed back in the last year or so. That's the approach and that's the way you have to operate if you're going to maintain a healthy environment for the industry.

No, Mr. Chairman, we're not looking at any changes in our land allocation system. Frankly, I haven't received overtures from industry advocating that kind of approach. I think our current land bonus system is working well. In terms of our smaller companies, rather than giving them some kind of preferred position with respect to possible oil plays, which is always speculative in nature — and I can see a lot of problems arising if we try to get ourselves as a government enmeshed in where there may or may not be oil and giving preferences to companies based upon size. The approach we've taken in the past is that the royalty tax credit system is, in fact, a simpler one and a more effective one. Let's let the industry make the judgments about where the oil and the gas are. They're best equipped to do it, not government. That's exactly the approach we've tried to move towards in getting rid of the NEP. Let's not start moving back in that direction.

The hon. member inquired about whether we're looking at a single royalty for old and new oil. That's part of the review process. There are those in industry who advocate that if we're going to have a market pricing system, we should have a single royalty system. The fact is that we introduced our dual system in advance of the pricing regime that came with the NEP. We're going to be taking a look at that, not from any dogmatic standpoint but from the standpoint of again ensuring that we have the twin components for a healthy fiscal regime for our industry: on the one hand, an adequate cash flow to allow them to reinvest and, on the other hand, the environment, the opportunity to achieve a desirable rate of return so they'll get in there and invest the dollars. They've got to have the dollars in the first place, and they've got to then have the environment that causes them to want to invest and to in fact invest.

As far as the IPL system is concerned and the question of apportionment, a National Energy Board hearing is scheduled for May 27, at which time the NEB, which has the jurisdiction in terms of Interprovincial Pipe Line, will be receiving submissions with respect to apportionment and the basis upon which apportionment should occur. The current regulations under which IPL operates with the National Energy Board do provide for allocation, with the historical dimension taken into account. Frankly, while we're still in the course of finalizing our own approach, which will be presented by the Alberta Petroleum Marketing Commission, I'm of the view that we need a straight, equitable system. It's the system in operation in the United States right now. If we do run into circumstances where there is some shortage of line capacity, then we simply look at the shippers who want to ship, and we spread any shortfall right across the board on an equitable basis. I think particularly as we move into a deregulated environment the historically based system is problematic. I have some difficulty seeing how it will meet the new environment as well as a more equitable system.

I would make a point. The hon. member spoke in terms of the impact on the small producers. In fact, the shippers of the oil through the system are not the producers. It's the purchasers who do the shipping, who are the shippers

of record through the system, so that there is no misunderstanding about that.

Finally, I think we're there. The hon. member inquired about the possibility of a world price or something perhaps even above that in the context of synthetic oils. I could only say that certainly the notion has been raised from time to time in the past number of years of some kind of a base price assurance that would be provided to project sponsors of a major integrated oil sands facility, an assurance that would be provided by federal and provincial governments. That's one of the options that would have to be examined. It's something that has to be examined very carefully, of course, because if you go that route, the public purse is at risk. It's a matter of measuring the possibility of that risk becoming a reality as against the importance of getting on with the development of the resource. So that is one of the approaches that is open for consideration, but one that has to be looked at very, very carefully.

MR. MARTIN: I was going to go into natural gas, but I think maybe I'll save that for another day, because there is enough territory here to cover for a few minutes. To follow up on a few of the things the minister was saying, I meant to allude to the coal market briefly in the first set. The minister said he went with the Treasurer when they were in Japan. Perhaps he can update us, but it's my understanding and the point that I was making is that it's a very competitive market to get in there. Countries like Australia, for example, have a competitive edge simply because it's easier to ship their coal there and it's cheaper. That's what I was alluding to. I guess the minister said we would be as competitive as possible. I'm sure we will, but I wonder how we can compete with Australia because of the cost; that's what I was driving at.

Let me come back from there, Mr. Chairman, into the idea of the incentive system, because it's an important area and one that the minister is going to be very involved in in the next couple or three months and the idea of cash flow and success, if I can put it that way. I don't disagree that there has to be money before you can go out and drill. I guess where we sometimes differ is how much and where it's going. We can argue that in the past — I expect it has had some impact. You know, if you give enough money to companies I'm sure something desirable is going to happen out of that from time to time. Of course, what we always have to assess, and I take it that the minister does, is that we're maximizing the potential here to the province. That's what our responsibility is. We can argue this for a long time, I expect. There's perhaps no easy answer to it, but the idea of cash flow and grants, if we can put it that way. There are various words that people like to use. I would refer the minister not to our figures, but as these projects, the major energy incentives that were coming out in '81 and '82, theoretically, following the minister's logic, there should have been an increase in drilling, because there should have been more cash flow. There were other things happening, admittedly. But I point out that according to the ERCB, the Alberta energy '84 — in the *Oil Week* magazine annual review and forecast February 4, 1985 the opposite happened. I just make this as a point. While there were 8,419 wells in total drilled to an annual depth of over 8,000 meters in 1980 this activity declined by 38 percent in 1983 to only 4,367 wells drilled to an annual depth of a little more than 5,500 meters. In 1984 there was some improvement, of course; 5,573 wells were drilled. I think we have agreed the figure is projected to increase a little

more in 1985, but we're still a considerable distance from the activity we had at the beginning of the decade. I'm not suggesting there aren't many different reasons for that. What I'm saying is that if all the other factors are not necessarily there, if you give a grant, it's not necessarily going to create the drilling. I've said before, and I think it's a realistic concern, that if there's a better deal they can take the money given by this government or any government if there's no performance guarantees and use it for some other reason.

Now I know the minister's argument about cash flow. But if we're going to err, then I strongly suggest we err on the side of drilling activity. It seems to me that's where they're going to get the cash flow in the next few years. My point is that when we talk to some of the smaller companies, the cash flow really is a problem right now. They're finding it very difficult to get into the market. So I'm making the point that it's not necessarily either/or, in the review of the incentive system, which I think is worthwhile doing at this particular time and it's come to us from many energy people, that the success-based payout — if I can use success-based — that you're paid on what you actually make and your expenses are covered. I'm saying if we're going to err at all, let's err on the incentive part of it, rather than, as the minister says, on the cash flow part of it, because there is more control on what we're doing in terms of jobs in Alberta.

Just briefly, I seem to be into projections today, because I think it's important. Has the minister read from the Economic Council of Canada — it seems to have some credibility; it doesn't necessarily mean that it's right. Professor Helliwell of UBC, what he calls a MACE model — has looked at the recent energy agreement and made certain predictions. There are a number of charts and all the rest of it, but his basic analysis indicates that while price deregulation is likely of benefit to both the federal government and the entire petroleum industry, it may be a bit more costly for provincial governments. There are a number of assumptions and, of course, when you have a number of assumptions... Well, let me just proceed and I'm sure the minister will want to follow it up. I'm saying it should be approached cautiously, but one of the assumptions that he's making — and we don't know at this point, but it might not be an unrealistic one, knowing the direction this government's been going — is full deregulation of natural gas prices. I know that is an assumption because that decision, I take it, hasn't been made. The minister said it wouldn't be made till the fall. Various aspects of the model also make different assumptions about the phasing in of gas price changes and changes to the current taxation regime, including modifications of the PGRT.

Despite this, the results that he came up with are interesting. They show that provincial petroleum revenues, after decontrol, will only increase in the event that world oil prices increase. On the other hand, if world prices remain flat provincial revenue will decline over a 10-year period, whether the PGRT is modified or not and will decline very sharply in the event of falling prices. It goes into various charts and figures. I don't know if it's right or not. It's one other prediction, but I think it's an important one. The source for the minister is Connections, the Economic Council of Canada 1985, page 189. I know the minister can't necessarily comment. He can say whether he agrees or disagrees from his analysis, but he may want to take a look at that particular chart.

Mr. Chairman, I will conclude. I have some other questions of the associate minister, but I'll save them either

for question period or some other time, because it's a whole new area when we get into natural gas. I'm sure we'll have time for that at some point.

MR. ZAOZIRNY: Mr. Chairman, the hon. member's first question had to do with coal sales to Japan and our ability to compete with Australia. I think all that can be said on that score is that the Japanese clearly have demonstrated that in their arrangements for the purchase of coal they are going to be cognizant of the contractual nature of those arrangements. That's not to say they're not very tough and skillful bargainers and negotiators, because they are, exceedingly so. But certainly they're very conscious of the fact that they have entered into a number of arrangements and that one of their long-term goals is to have a wide source of supply. It's very important to Japan not to find itself isolated in terms of source of supply, and I think that broad approach of the Japanese to ensuring they are well positioned, in terms of energy supply and coal in particular, augurs well for Canada. Canada has carved out a significant niche as being an important source of supply for Japan. We do have a number of contractual arrangements in place and, as I say, while the price review aspects involve some very exhausting negotiations, nevertheless the view of our industry and our government certainly is that we will continue to be an important supplier for the Japanese nation.

The hon. member raised some other matters to do with our incentive review. I should mention that he talked about the next number of months. We're hopeful that really within a relatively short period after the deadline for industry submissions arrives May 31, we're going to be able to come to some final conclusions. The work is ongoing right now. We're doing our own work. We're considering industry views as they are received. I think it's important that we try to announce the result of our review as early as possible so we don't have a lot of uncertainty out there in the industry. I've had one or two people say, "Gee, you know, should we get out there and drill right now?" and whatnot. The fact is that we're just working our way through spring breakup and in a sense it's opportune that the review be conducted at this time, but we would like to bring this matter to a conclusion early on. We've set a July 31 deadline for these other incentives, but for my own part, I'd like to see us come to some conclusion perhaps even in the month of June.

In terms of that review, the hon. member made reference to some ERCB reports to do with 1981 and 1982 activity and was making an argument related to that as far as the grant approach is concerned. I felt in the earlier part of his remarks on that subject that there was some confusion between cash flow and unencumbered cash flow that occurs through, for example, the royalty regime, as compared to an incentive system, where there is some cash flow attached, if it's on a grant basis, to the drilling of a well, or some opportunity for royalty avoidance, a royalty holiday if you achieve success, if that's the nature of the mechanism. I would simply say that the NEP was predicated upon the grant type approach. What we saw in 1981 and 1982 was the result of that kind of approach. It didn't work.

It didn't work for a couple reasons. The first thing it did was choke off the cash flow of the industry. It imposed the PGRT right on the throttle of the industry by stripping away the cash before there was even a determination as to whether there was a profit. So that's what the NEP was based on. It said: "Gee, let's not be too concerned about cash flow. We'll get out there, and we'll manipulate the

industry. We'll get them drilling off the Greenland ice cap and wherever else we think would be a neat place to drill, because we in government know better than the industry as to where this should be happening." It didn't work. Number one, they choked off the cash flow, and secondly and very much relatedly, it created an environment in which the industry said: "We're not going to invest. We don't trust this new environment. The government doesn't know best about where to drill."

I think that in the course of our own incentive review, we should learn some of the lessons that the NEP has taught. They were lessons we were sure would be the results flowing from the imposition of the NEP. But I think Ottawa itself has learned something through that entire process. So the point is that, in the first instance, you've got to ensure an appropriate cash flow, and it can't be a strings-attached approach, where we'll give you a special deal if you drill a well. There must be an adequate cash flow so that the industry can get its own fiscal house in order. Some of those companies are going to apply some dollars to their debt circumstances to reduce their debt load to make them more attractive for new investment dollars, to position them so that they can move more aggressively within a period of time into an exploration and development program. Other companies whose financial circumstances will be more healthy will be able to move more quickly into direct reinvestment.

The one thing about the oil and gas industry that's an absolute given and known is that they're going to reinvest, because in that business, the day you stop reinvestment is when you start to die. Sooner or later you're going to run out of production. In the oil and gas business, once you do that, you're out of business. I know there is this tendency to say, "Gee whiz, how can we be absolutely, positively sure that the results are going to flow?" First off, I would say just take a look at the nature of the industry. They must reinvest or they're going to run out of product. When you run out of product, you're out of business. Secondly and relatedly, take a look at the historical record of the energy industry. Prior to the NEP, it had a reinvestment record in excess of 100 percent, and there's no other industry in this country that achieves those kinds of results. Post-NEP the hon. member is quite right; it dropped like a stone. It dropped because of that approach.

The third argument — and it's one I think we in this Assembly can all feel very good about — is look at the results of the oil and gas activity plan of 1982. After we announced it in April, we had the odd critic saying: "Gee, it's May. So where are all these wonderful results?" You look at what happened in 1983 and 1984, and there are the results. That dramatic upswing in activity was significantly in response to the oil and gas activity plan, which was not a strings-attached approach. We said to the industry: "You people know what the circumstances of your individual companies are. You're the people who are going to get your own houses in order. You're going to do the reinvesting." And that's exactly what occurred. Mr. Chairman, when it comes to our approach to this incentive review, we're going to take exactly that same kind of approach to the process that we followed up and endorsed in the oil and gas activity plan of 1982. We're going to be mindful of the disastrous results of the NEP, where they choked off the cash flow, where they went the grant route, and where they tried to tell industry where to do it and how to do it. It didn't work.

The third subject he raised, Mr. Chairman, had to do with some econometric model which has postulated certain

results. He's given me a reference. I don't know that I could usefully comment on it. I take his suggestion that I might want to review it, and I appreciate his having made me aware of it.

MR. MARTIN: Just to come back in a couple of areas. I was not trying to justify. The point of the figures was to say that the national energy agreement was wrong in terms of the revenues. It was wrong in trying to point to areas where they thought there might be oil, as you pointed out, on the east coast and in the northern part of the province. That certainly had an impact, although other things did too. OPEC was breaking up at the same time. There was a number of different things. The only point I was trying to make was that the Alberta government tried to recover that here. We had no choice, I would say. We can argue. My point is, which is the most effective way of doing it? If the grants had been totally effective — I guess we can argue that it might have been worse, but I'm saying that we'll never know this. Perhaps the incentive system with the success base might have even produced a better drilling record in '83-'84. Certainly, we did give a lot of money out of the Treasury at that particular time to try to keep the industry available.

For instance, the oil and gas activity program for the next few years that was announced in April of '82 was \$5.2 billion, I believe. That was a significant amount of money in the province. My only point is: sure, you're right. Because of the nature of the business, they do have to reinvest or retire or whatever. But that's one reason I say that perhaps we can argue philosophically that Canadian companies especially will reinvest right here. Generally, they're small enough that they can't go. The investment of other oil companies can be reinvestments in other parts of the world just as easily, if there's a buck to be made there.

So while the nature of the industry is that they do have to reinvest, it doesn't mean that some of the companies, the bigger ones, have to necessarily reinvest in Alberta. That's the point I come back to about success-based as the other type of incentive. Mr. Chairman, I suppose the minister and I could go on forever. If there had been a different reality, we might have even been able to make those figures a little better, but I guess we'll never know at this particular time. I still make the case for erring on the other side, if I may.

Let me go to the associate minister for a while with more questions. It's from some people that have raised questions with us, and it has to do with the policy guide, outfitting, and guiding for nonresidents hunting trophy sheep in Alberta. Mr. Chairman, I'll just go through a series of questions that surrounds the unhappiness of class A guides and a policy guide regarding trophy sheep hunting recently put out by the minister's department. I expect they've made the same sorts of clarifications or lobbied the minister's department too. So I'm sure he's probably aware of it. The paper, in consultation with outfitters, gives outfitters a stronger monopoly on the sheep hunting industry.

As I said, we've received many complaints from class A guides. In this policy paper it states that a sheep hunter outfitter licence can be sold. There is a transfer fee, I believe, of \$1,000, but the selling price is whatever the seller can get from the buyer. My question flowing from that, Mr. Chairman, is how can the minister justify the selling of licences, and by doing so, can he point to other types of licences issued by the Crown that can be sold and

transferred between citizens? I guess what we're driving at is: is this not an unusual sort of situation?

Then the policy paper states that new licences and new areas would be issued through a bid system, and only to outfitters with existing sheep hunter outfitters licences. A couple of questions from that, Mr. Chairman: can the minister indicate how this bid system will operate? For example, if the bid system involves money, it will exclude a lot of smaller outfitters who are trying to get ahead. The other question is: why will the licences be issued only to existing outfitters? Why can't the licences be issued to class A guides who want to upgrade their status to outfitter? Would not this policy tend to enforce the present monopoly of the sheep industry, with further power to fix prices and eliminate competition? I ask the minister: is that potential not there?

The policy paper also proposes to remove the present equipment standards and bond and insurance requirements as a condition of the sheep hunter's and outfitter's licence. My question from there, Mr. Chairman, is: what is the justification for this removal, when it seems to us that equipment standards, bonds, and insurance requirements are a viable means of protecting the public?

The policy paper also proposes an advisory committee made up of the Outfitters Association and does not include class A guides, who also have a vital interest in the sheep-hunting industry. I guess the simple question there, Mr. Chairman, is: why were these guides excluded? Another question following from that: can the minister justify why the policy paper proposes to eliminate game hunting regulation 21(2)(a), which restricts a guide to guiding no more than two nonresident sheep hunters at the same time? This elimination would, in fact, allow easy exploitation of non-resident sheep hunters by the elimination of class A guides. It seems to us it could move to further monopolization of the sheep industry. Another question, Mr. Chairman: are the proposals outlined in the policy paper going to be the same type of standards applied to, say, elk hunting, at some future date?

Apparently, the minister has consulted with the Alberta Outfitters Association with regard to this policy paper. Unfortunately, this association, composed of 12 to 15 persons, from what we understand, does not represent all 47 outfitters in Alberta and completely disregards the licenced guides who may want to upgrade their status to outfitter. Another question to the minister: can the minister assure this Assembly that further consultation with all affected parties, including class A guides and commercial trail ride operators, will occur before this policy paper becomes regulation?

I have some other areas but, again, maybe it's better to stop and do one at a time, Mr. Chairman.

MR. SPARROW: The policy paper you talk about has been in the process of discussion as recently as about two weeks ago. A meeting of the Outfitters Association and a new organization that includes many of the class A guides and trail riders took place, and clarification of a lot of the points was made to them. The policy has been in discussion for quite a long period of time. The Fish and Wildlife Advisory Council of 22 organizations that gives me advice went through it thoroughly some months ago and, after making several changes, approved the policy. This council has members on it from Alberta Fish & Game and the Outfitters Association. The Outfitters Association also includes representation from members of the trail riders. I think one

of the original draft documents on this policy was circulated quite recently, and that created quite a bit of concern with many class A guides. The final draft has clarified numerous of their concerns.

Twenty percent of the sheep have been set aside for outfitting and guiding for nonresident aliens. For quite a number of years some 22 firms have had 20 percent of the licences issued to them. They've been running businesses that go back as far as 20 and 25 years. The policy is to allow those businessmen who have been in the outfitting business for quite a number of years and have had access to those licences the right to transfer their outfits to their family or other members through the sale of their business.

The salability of licences from one person to another has taken place in many cases. Oil and gas is a good example. If I buy an oil and gas lease, I can sell it to another oil company. If I buy a lease on public lands, I can also sell that lease to my neighbour in the free marketplace. Quite a few examples have taken place in other types of licences that the government issues. This transferability of licences is being discussed now in the commercial fishing industry. As you know, two years ago we put a freeze on new licences, because there was quite a concern about too many fishermen chasing too few fish in the commercial industry. One of the ways of allowing new people to get into that fishery will be the transferability or the salability of those licences from Albertan to Albertan. That's basically the concept behind your question on the selling of licences. New licences: we have stayed with that 20 percent rule. It's a possibility in the future that new licences could be issued to maintain that 20 percent, and that's why a bid system was considered in the policy. I've asked the associations that represent both the class A guides and the outfitters to come up with some suggestions for me on how that should be handled. They're in the process of giving me that input. In the next few weeks I expect to receive consideration from them. They have a subcommittee of class A guides and outfitters working on that aspect, and I expect to receive some input from them.

With reference to the bonding and the removal of bonding as an obligation, the Outfitters Association has undertaken to make this part of their business arrangements and membership in their association. They know they have to have bonds. They want it to be on a voluntary basis. They want to upgrade their industry, and they will be bonds on the Outfitters Association. So that policy has been removed from the previous status. Because of the few numbers in this outfitting business, the advisory committee was to be selected from those in the business plus any other members I want to put on it. I have no problem with receiving advice from class A guides. Many of those outfitters are class A guides. Some of the class A guides we're dealing with are employees of those outfitters. So there should be no problem in expanding that advisory committee, if other people are interested in giving the minister some advice on it.

With reference to the removal of 21(2)(a), where it limits a class A guide to two hunters, that has been a recommendation. The norm in the industry that is acceptable by the clientele though, is a one to one relationship. That is what's happening in the field. So the regulation is part of a deregulation idea more than anything. If it really becomes a concern to class A guides because they feel that they are going to be laid off by these outfitters, that could be reinstated. But in talking to some class A guides and to outfitters, in sheep outfitting they actually do have a one

to one relationship. They pretty well stick to it because the clientele demand it.

With reference to this idea of going into other types of animals in the future, like elk, like my colleague I'm not here to make some predictions. I think there's a very unique situation where history has allowed a very small number of businessmen to have outfitting in the sheep business. It's been running very well. A few class A guides, I guess through a technicality in the regulations, have been able to obtain some of these permits over the last several years. This new policy would close that loophole, and that's why the concerns are coming forward. They will have accessibility to the outfitting business through the purchase of the licences from outfitters or purchasing of businesses. It is possible that if additional new licences are issued, either through a draw system or through a bid system, this could take place. I think it's important to remember that the average Albertan or a class A guide can apply for a licence through 80 percent of the licences that are given out to Albertans, and can go hunting sheep at any time he receives one of those licences. The key for the other 20 percent is zeroed in on non-Albertans or non-Canadians or aliens coming into hunting. They must use a qualified guiding outfit to obtain one of these licences and are not eligible for a normal licence. That will stay as it has been in the past.

We have dealt with the commercial trail riders. In both organizations you do have the commercial trail riders, and it's another set of regulations that affect them. That's being reviewed too.

MR. MARTIN: Mr. Chairman, just two or three follow-up questions in that area, and then I'll move into the other area. I wasn't quite sure in the minister's answers about the bidding system. Maybe he can explain it. I may have missed it. Precisely how will it operate? If he did say it, it got beyond me. Maybe because it's late at night, I'm not sure.

The other question I have is on the policy paper. The minister says discussions are going on, I think he said as recently as two weeks ago. Can he update us on this policy paper and when we might look toward regulations? What time frame are we looking at?

The other question I have for the minister has to do with a recent story specifically of transfer of wildlife, and then get into the big game ranching. Mr. Chairman, an elk herd was brought into Manitoba from the U.S. in April 1985. The elk were subjected to tests set out by the Canadian government and were given a clean bill of health. When the animals were tested again, it was found that 75 percent of the herd had bluetongue, a disease that can be fatal and is very contagious. Because Canada is free of this disease, all 58 elk had to be slaughtered immediately. I'm not sure if the minister is aware of this situation. A question flowing from that: in addition to federal testing, what policies and testing does the minister's department undertake when importing alien animals into Alberta in order to avoid similar mishaps?

To move from there, we had debates in the Legislature about big game ranching. I commend the minister on placing a one-year moratorium on this issue. I'm sure he's aware that the debate about game ranching does not seem to be going down at all, and I raised certain concerns about the problems when that Bill was before us. I won't go through all those at this particular time. I think they're there for the record.

I would like to make one point with the minister and then come back to three or four questions from that area. To drive home the point of how terribly difficult it is to predict free-living wildlife, I have some statistics. In Germany 1982, there were some 75,000 square miles of huntable land. To protect wildlife there are about 65,000 hunters, each one deputized as a policeman. In addition, about 1,000 hunters are professionally managing and protecting hunting preservers. Therefore, there is one deputized wildlife protector per square mile of huntable land. Mr. Chairman, you can see the point I make. It's well regulated. Alberta, compared with the land area of about 2.6 to 3 times greater than that of West Germany, employs a mere 100-odd game wardens. My point is that Germany's policing effort is several thousand-fold greater than ours. I raise this just to point out the difficulty of this area.

Flowing from that, to the minister: can we hope to protect our wildlife against commercial poaching, if we allow a market in wildlife meat to develop? It seems to me that with 100 people, they are going to have a fair amount of difficulty in this area. Can the minister update the Assembly as to any new studies which his department is initiating regarding short- and long-term implications of increased game ranching? I take it that's one of the things they may have been doing as a result of the one-year moratorium.

The other area that I'd asked in regard to this is: what efforts are being undertaken by the minister to ensure that public awareness is increased, in order that they can comment on any further role game ranching or domestic wildlife farming can play in the economic and social development of northern Alberta? I take it that these are two or three of the reasons why the minister's department has decided to put a year moratorium on that. So I'd like the minister to make a few comments on those areas, and then perhaps we could follow up.

MR. CRAWFORD: Mr. Chairman, before the minister responds and in light of the score, which is 8 to 4 for the Oilers playing in the third, I move that the committee rise, report progress, and ask leave to sit again.

[Motion carried]

[Mr. Speaker in the Chair]

MR. APPLEBY: Mr. Speaker, the Committee of Supply has had under consideration the following resolution and reports as follows:

Resolved that for the fiscal year ending March 31, 1986, sums not exceeding the following be granted to Her Majesty for the Department of Treasury: \$3,119,700 for departmental support services, \$2,400,900 for statistical services, \$89,697,100 for revenue collection and rebates, \$37,129,700 for financial management, planning, and central services.

Mr. Speaker, the Committee of Supply has also had under consideration certain other 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. SPEAKER: As I was coming toward the Chamber, someone mentioned that the score is now 9 to 4.

MR. CRAWFORD: Mr. Speaker, I knew that somehow you could improve on the information I tried to give.

Mr. Speaker, tomorrow afternoon the Assembly will be in Committee of Supply and will deal with the estimates of the Department of Social Services and Community Health.

If there's time after that, we would go on to the Department of Education.

[At 10:31 p.m., on motion, the House adjourned to Wednesday at 2:30 p.m.]