

LEGISLATIVE ASSEMBLY OF ALBERTA

Title: **Monday, August 18, 1986 2:30 p.m.**

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

PRAYERS

[Mr. Speaker in the Chair]

head: INTRODUCTION OF VISITORS

MR. ANDERSON: Mr. Speaker, I have the very distinct pleasure this afternoon to introduce to you, and through you to members of the Assembly, a distinguished Albertan who has contributed much to the province and in particular to this Assembly. Mr. Fred Colborne was awarded the Distinguished Flying Cross in February of 1943 and was first elected to the Alberta Legislature as the Air Force Representative in 1944. He was subsequently re-elected in 1948, '52, '55, '59, '63, and '67. He was Minister without Portfolio from 1955 to '62, Minister of Public Works from '62 to '69, and Minister of Municipal Affairs in 1969. Though my biography doesn't show it, I believe he was also Government House Leader about that time. Mr. Speaker, I'd ask that Mr. Colborne, who is accompanied by his wife, stand with his wife and two friends from Arizona, Mr. and Mrs. Myron Elliot, to receive the welcome and the thanks of the Assembly.

head: INTRODUCTION OF BILLS

Bill 30 Financial Administration Amendment Act, 1986

MR. JOHNSTON: Mr. Speaker, I request leave to introduce Bill 30, the Financial Administration Amendment Act, 1986. This being a money Bill, Her Honour the Honourable the Lieutenant Governor, having been informed of the contents of this Bill, recommends the same to the Assembly.

Mr. Speaker, the key elements of the Financial Administration Act, which will be discussed by the government and by members of the Assembly, can be enumerated in at least four general areas. The first is to establish a Capital Fund. That Capital Fund, as has been discussed in this Assembly already, will provide for the funding of the capital projects for hospitals, postsecondary institutions, and potentially others; provides for the borrowing of the fund; and provides for the annual estimates of the fund to this Assembly.

At the same time, the Risk Management Fund reflected in this Act provides for the consolidation and the management of risk governmentwide and to improve the co-ordination of the government's risk management system. Thirdly, Mr. Speaker, this Financial Administration Amendment Act provides for the increasing of the provincial debt limits from the current limit of \$2.2 billion to \$5.5 billion. As well, there are other changes in this legislation which deal with more administrative matters.

I move Bill 30 for first reading.

[Leave granted; Bill 30 read a first time]

Bill Pr. 14 St. Mary's College Act

MR. STEWART: Mr. Speaker, I beg leave to introduce Bill Pr. 14, St. Mary's College Act.

The purpose of this Bill is to incorporate the college and provide for its constitution. The college's object is to provide additional educational opportunities for students who are attending the University of Calgary.

[Leave granted; Bill Pr. 14 read a first time]

head: TABLING RETURNS AND REPORTS

MR. ISLEY: Mr. Speaker, I'd like to file with the Assembly the 1985-86 annual report of the Association of Professional Engineers, Geologists, and Geophysicists.

head: INTRODUCTION OF SPECIAL GUESTS

MR. DAY: Mr. Speaker, it's my privilege today to introduce to you and to the members of this Assembly the Crossey family from Red Deer: Mr. Crossey, his wife, and their son Kevan. Kevan's life was recently saved by the quick action of the helicopter air ambulance service. The Crosseys are here today to present a petition of over 5,000 names to the minister of hospitals requesting continued funding of that service. I would ask the Crossey family if they could rise with their little son and receive the warm welcome of this Assembly.

MR. DINNING: Mr. Speaker, it's a pleasure for me today to introduce a resident of Calgary Shaw, a very good personal friend of mine and someone who served this government and served members of this Assembly very well in days past. I'd ask Mr. Brent Shervey, who is sitting in the members' gallery, to rise and receive the warm welcome of the Assembly.

MR. ELZINGA: Mr. Speaker, it is my pleasure, too, to introduce to you and through you some individuals who are very dear to me. I refer to members of my family. We have in the members' gallery my mother-in-law, my mother and father, my wife, and our two sons. I would ask the Chamber to extend the traditional warm welcome of this Assembly.

head: ORAL QUESTION PERIOD

Petroleum and Gas Revenue Tax

MS BARRETT: Mr. Speaker, following last week's massive slap in the economy for Albertans with the announcement by the federal energy minister that the removal of the PGRT prior to 1988 would be tied to further reductions to Alberta royalties, I wonder if the Premier will advise the Assembly what information the Prime Minister has conveyed to him as of today with respect to any new deadline for complete removal of the PGRT without any further leverage being implied.

MR. GETTY: Mr. Speaker, I'm convinced that the PGRT will be removed and removed soon.

MS BARRETT: Thank you for the nonanswer.

Mr. Speaker, did the Prime Minister at the very least provide to the Premier an idea of when we might expect a decision on the final PGRT removal and whether or not that would be prior to the existing deadline of 1988?

MR. GETTY: Mr. Speaker, I really just answered that question. However, I'll repeat it. I'm convinced that the PGRT will be removed totally and soon and long before the 1988 deadline.

MS BARRETT: An additional supplementary, Mr. Speaker. I wonder then if the Premier would advise what action he has taken with respect to the motion which was unanimously endorsed in this session just recently with respect to the complete removal of the PGRT. Is he negotiating with his federal counterparts on that basis?

MR. GETTY: Mr. Speaker, I'm not negotiating. I believe that the PGRT will be removed shortly and that the federal government is fully aware of the need to have that tax removed and that it will be removed shortly.

MS BARRETT: A final supplementary, Mr. Speaker. Will the Premier indicate if his federal counterparts, specifically the Alberta MPs in the federal Tory caucus, have done all they can to convince the government of the urgency of removing the PGRT as soon as possible?

MR. GETTY: Mr. Speaker, I can't answer for the MPs. I know that we've made it very clear to them. I believe they're fulfilling their responsibilities to their constituents. If they don't, then there's some risk to them.

MRS. HEWES: Mr. Speaker, a supplementary to the Premier. Given the obvious and evident failure of negotiations with the federal minister of energy, are the Alberta government and the Premier making representations to the federal Minister of Finance, the man who more than anyone else probably wants that PGRT retained?

MR. GETTY: We have made representations to him and continue to, Mr. Speaker. However, I'd like to assure the hon. member of my feeling of confidence that the PGRT will be removed quickly.

Private Schools

MS BARRETT: Mr. Speaker, in answer to my question on Friday the Minister of Education stated categorically that the Beanstalk school actually falls within category 4 and receives no funding from the provincial government when, in fact, it is a category 1 private school. I did follow this up with the minister outside the House. However, this followed confusion by the minister on Thursday about what category 4 schools are. I wonder if the minister will now indicate what change she has made in her office or department to ensure that she is not providing information to this Assembly which is either wrong or misleading.

MRS. BETKOWSKI: Mr. Speaker, as you know, I have passed to you a note at the instance of this question period

in order to correct the record from last Friday, and now that I'm on my feet, I would like to do so, if I may.

In the response to the question from the Member for Edmonton Highlands I did indicate that the Beanstalk school was a category 4 school. After I left the House, I realized I was wrong in that information. In fact, it is a category 1, as the member has noted. We did discuss it subsequent to the question period, and I indicated to her, as to the others, that I would correct the record at the first instance I had.

MS BARRETT: A supplementary question, Mr. Speaker. Can the minister advise on what basis she was under the impression that the Beanstalk school was a category 4 school? Was she just winging it?

MR. SPEAKER: The question is out of order, and references can be given in Beauchesne with regard to the answers as given by members. Next supplementary, please. Member for Edmonton Highlands.

MS BARRETT: Now that the Minister of Education has discovered through my raising of the matter that the Beanstalk school is in fact a category 1 school . . . [interjections] I don't think the minister would contest that, by the way. Will she be doing a formal review as to whether or not this should in fact be a category 4 school?

MRS. BETKOWSKI: Mr. Speaker, the Beanstalk school is a category 1 school and has met all the requirements of Alberta Education in order to be approved as a category 1 school. I see no reason to pursue it further with respect to their qualifications as a category 1 school.

MS BARRETT: A final supplementary, Mr. Speaker. Will the minister undertake to provide this Assembly with the results of a review that she might do, assessing the degree to which programs based on the philosophy of one L. Ron Hubbard are taught to young minds in this school or other schools?

MRS. BETKOWSKI: Mr. Speaker, as I indicated on Friday, I am not prepared to table in this Assembly nor to provide to the public generally the routine evaluations which are done on private schools and all schools in this province.

With respect to the teaching and the curriculum within the Beanstalk school, I can say that one of the criteria for approval by my Department of Education for category 1 status is that the school meets a certain curriculum. The school is meeting that curriculum.

MRS. HEWES: Mr. Speaker, this is a matter of deep concern to Albertans. Will the minister inform the House and Albertans whether monitoring and evaluations of curriculum and teaching methods of category 4 schools have been reviewed and tightened?

MRS. BETKOWSKI: Mr. Speaker, I will base my comments on all categories of schools in the province, not just one single category. All categories of schools within the private school structure are monitored with respect to curriculum and the method that the curriculum is taught. They also run achievement tests on all individuals, whether they be in category 1, 2, 3, or 4. I'll finish there.

Agricultural Assistance

MRS. HEWES: Mr. Speaker, my question is to the Minister of Agriculture. A new face this time, Mr. Minister. Last Wednesday the minister acknowledged that he was not consulted by his federal counterpart on the five-year, \$35 million subsidy to the maritimes. Last Thursday the minister said he can't get an answer from the Wheat Board on a reported sale of wheat to Russia: kept in the dark like a mushroom. In the light of the uncertainty about grain prices, farm incomes, and government deficiency payments, will the minister describe what he is doing to solve the problems he is experiencing with the federal government in regard to grain sales and support programs?

MR. ELZINGA: Mr. Speaker, I am happy to report that I believe the mushroom is sitting on that side, in view of the fact that I did not indicate that I was having difficulty getting information with regard to a wheat sale. I gather that it's traditional policy by the Canadian Wheat Board to keep that information mainly unto itself until the deal is completed or negotiations are totally complete.

In response to the second part of her question, I can assure her that this government is doing everything within its power to reduce input costs for the agricultural sector. As I'm sure she will acknowledge herself, the many worthwhile programs that we have instituted are going to realize a net increase in farm income because of the reduction of input costs mainly because of the programs of this government.

MRS. HEWES: Mr. Speaker, will the minister then make representation to the federal government regarding — and I quote the minister — the "ridiculous" \$35 million grain production subsidy to the maritimes?

MR. ELZINGA: Mr. Speaker, we are making representation to our federal counterparts on a continuous basis. I think it's only fair, too, that we point out to this Assembly that the federal administration that is presently in Ottawa has done more in their two-year mandate for the agricultural sector than any previous government, whereby they've expended somewhere in the vicinity of \$5 billion on our agricultural sector in Canada.

MRS. HEWES: Mr. Speaker, may I ask a supplementary of the Premier then? Will the Premier tell this Legislature and the farmers of Alberta what positions he advocated and what commitments he received from the other provinces for the national agricultural strategy that was discussed at the recent Premiers' Conference?

MR. GETTY: Mr. Speaker, the government of Alberta is playing a large role in the development of the national agricultural strategy. The Premiers agreed that that strategy should be fully completed and presented to the First Ministers' Conference in November in Vancouver. We're looking forward to that.

MRS. HEWES: Hmm. [some laughter] Sorry about that "hmm," Mr. Speaker.

Back to the minister. Does the minister know, and will he tell us, what are the economic impacts on Alberta farmers and the agricultural sector resulting from the 19 percent drop in wheat prices August 1?

MR. ELZINGA: Mr. Speaker, the implications for the prairie provinces vary from between \$400 million and \$500

million, which is a significant amount of money, which we readily acknowledge. If I could just underscore, too, what our Premier just indicated, we have a group of members working on four subcommittees so that we can report to the first ministers. We are going to go through the draft recommendations when we as provincial ministers of agriculture meet with our federal counterpart in Victoria in the week of August 24, and when that stage is complete, we will forward our report to the first ministers.

MR. FOX: Mr. Speaker, a supplementary to the Premier. In response to questioning of this nature the other day, the Premier indicated that he would push for deficiency payments if deemed necessary. Does the Premier mean to say that the conditions do not exist now that deem that sort of payment necessary?

MR. GETTY: Mr. Speaker, it's a factor of many conditions in the coming months that will influence the size and timing of the need for a deficiency payment, and I believe that we will soon have those conditions clear.

Waste Disposal

MR. BRASSARD: Mr. Speaker, my question is to the Minister of the Environment. I've received a number of complaints regarding a proposed dump site in an area that local residents feel to be unacceptable. In this day and age we still insist on burying our garbage as the most economical and practical way of dealing with it. Could the minister advise this Assembly if the government has in place a long-term plan to encourage, if not force, municipalities to dispose of their refuse in a more positive and acceptable manner?

MR. KOWALSKI: Mr. Speaker, several years ago Alberta Environment directed letters to all municipalities in the province of Alberta asking them to come forward with innovative new approaches for the disposal of garbage. A series of pilot projects were established to deal with that. One municipality, as an example, Wainwright, this fall will be opening a new incinerator plant that will be very environmentally sound; in fact, it will be the state of the art. Very specifically to the question: yes, long-term, very important concerns with respect to alternatives to simply digging holes in the ground and storing garbage.

MR. BRASSARD: Has any consideration been given to the establishment of regional waste disposal centres that would make the operation of such a centre more economically feasible?

MR. KOWALSKI: A program does exist for that particular initiative, Mr. Speaker, and a number of municipalities have got together and formed regional disposal sites and situations within the province of Alberta. We have an ongoing program that would deal with municipalities of smaller size and provide dollars to assist them in setting up such regional landfill systems, and technical advice and guidance as well would be provided by Alberta Environment with respect to that.

MR. BRASSARD: A supplementary, Mr. Speaker. Is the Department of the Environment prepared to offer any financial assistance or incentive to any community wishing to undertake the construction of a waste disposal plant in their area?

MR. KOWALSKI: I think I just responded to that question, Mr. Speaker, in the response to the previous question. We do have an ongoing program.

MR. EWASIUK: Mr. Speaker, my question is to the Minister of the Environment. Is the minister giving any consideration to encouraging alternate methods of garbage disposal, be it on the regional or individual municipality level?

MR. KOWALSKI: I believe, Mr. Speaker, that I responded to that in the responses to the previous several questions, and the answer to that is yes. Currently within the greater Edmonton metropolitan region — and the Member for Edmonton Beverly will know; he was a member of city council when city council reviewed a proposal that was jointly agreed to by both Alberta Environment, the government of Alberta, and the city of Edmonton to undertake a major study that currently is ongoing, looking at alternatives to simply having dumps as we know them today. That study is under way. We anticipate that as the winter draws near, or this spring at the latest, the report may be ready that will look at alternatives to simply digging holes and putting garbage into them.

Television Coverage of Legislature

MR. GIBEAULT: Mr. Speaker, my question is to the Minister of Technology, Research and Telecommunications. The minister is aware that ACCESS Network has recently applied to the Canadian Radio-television and Telecommunications Commission for a broadcast licence. The minister is also aware that the vast majority of Albertans do not have access to the televised coverage of the proceedings of this Assembly. Given these facts, can the minister advise the Assembly why it is that the current application that ACCESS Network submitted to the CRTC does not include a provision to provide coverage of the Alberta Legislature as part of its proposed program?

MR. YOUNG: Yes, Mr. Speaker, I'd be delighted to. The application is intended to obtain permission for a transmitter for the Edmonton area, and that would enable better coverage for television receivers that are receiving the educational programs than would the current provision via cable.

MR. GIBEAULT: A supplementary question, Mr. Speaker. Given that the Members' Services Committee last year received a proposal from ACCESS indicating that it would probably cost somewhere in the neighbourhood of \$1 million to provide coverage of this Assembly's deliberations through ACCESS Network and that amount represents some one one-hundredth of 1 percent of the provincial budget, can the minister explain to the Assembly why his government has not moved on this issue yet?

MR. YOUNG: Mr. Speaker, this is a bit of a sensitive question from my point of view from this aspect: the Members' Services Committee — which I believe, sir, you chair — is, in fact, the committee that was dealing with that matter, and as far as I'm concerned, no further decision was made.

MR. SPEAKER: All further questioning on this issue is out of order. The line of questioning really should deal with the Legislative Assembly estimates and should be handled in that regard, where questions are then dealt with

to the Assembly through a member of the Members' Services Committee.

The question has the other difficulty that it really relates to the operation of the administrative office of the Legislative Assembly and therefore of the Speaker, and no questions are to be directed in that regard within question period.

Women's Secretariat

MR. MITCHELL: Mr. Speaker, my question is to the Minister of Culture. The Women's Secretariat has the responsibility of reviewing legislation to determine the impact of Alberta's laws on women and to make recommendations accordingly to ensure that Alberta legislation is fair. Could the minister please tell us: is this mechanism working when an Alberta woman had recently to go to the Supreme Court of Canada to have her rights as a common-law spouse recognized since they are not recognized in Alberta's legislation at this time?

MR. ANDERSON: Mr. Speaker, I find the hon. member's question somewhat curious in that he deals with an issue that has been appropriately dealt with by the courts. The Women's Secretariat is an arm of the government which attempts to assist us in providing equal opportunity to women throughout the province. However, we can't, as a matter of mandate, deal with legal jurisdictional questions which the member alludes to and which have been dealt with in federal jurisdiction.

MR. MITCHELL: If they're there to review legislation, one would wonder that they couldn't review that.

Did the Women's Secretariat review and make recommendations concerning the discriminatory nature of the Alberta Farm Credit Stability Fund Act, which treats wives and daughters differently than sons?

MR. ANDERSON: Mr. Speaker, I'm not sure I would agree with the hon. member's interpretation of the particular program in question. However, I can advise that no, the Women's Secretariat itself didn't deal with that particular piece of legislation. He may wish to address further questions — in fact, he's had that opportunity during the debate on the Bill — to the ministers responsible. However, I personally would feel that the sections of that particular Act are not in fact discriminatory but relate to the particular circumstances that are required for that part of our economy.

MR. MITCHELL: Your personal feelings are interesting, but did the Secretariat review that legislation to be sure? What incentive is there for the government to act on recommendations made by the Women's Secretariat when these recommendations are not made public and are not discussed in the public arena?

MR. ANDERSON: Mr. Speaker, the hon. member will of course have an opportunity to discuss the secretariat when the Bill currently before the Legislature reaches Committee of the Whole and second reading, but I should advise that the Secretariat's responsibilities as an arm of government are clearly to look at and advise the government on direction. The Advisory Council on Women's Issues, which also is in a Bill to be discussed by this Assembly, will in fact have recommendations from the public and a wider cross section of individuals in the province, and I expect that the majority of their findings will in fact be public.

MR. MITCHELL: That remains to be seen, of course, and it doesn't look like the Bill will say that.

A final supplementary. Will this government make a commitment to Alberta women to provide funding to the Legal Education and Action Fund as has been done by Ontario? This funding would be for women to challenge Alberta laws that may contravene women's rights.

MR. ANDERSON: Mr. Speaker, I have received a letter in that respect from a group wanting to establish such a fund. I'm looking forward to meeting with them in the fall to discuss that further. However, I might say that the whole question of funding organizations to challenge laws is a more general one that has to be dealt with by governments in the country. Personally, I think establishing a precedent in that respect could cause this Assembly some difficulties, both with respect to funding ramifications and the whole matter of who we fund to deal with the laws that we're supposed to be debating in this Legislature. But I am open to discussions with that organization this fall.

MS LAING: What action will the secretariat be taking to ensure that women employed by the public service will be receiving equal pay for work of equal value?

MR. ANDERSON: Mr. Speaker, the principle of equal pay for equal work is one that this government has enshrined in legislation. In terms of equal pay for work of equal value there are a number of interpretations of how that can proceed and, in fact, what it means. This government has established a whole myriad of programs, some appropriately dealt with by the Minister of Labour in other answers. I might mention, though, that we have in every department of government a line co-ordinator who makes women aware of the possibilities that exist in terms of growth and opportunities in the public service and makes them aware of the very substantial number of training programs which are available in the government in order to assist in moving from one opportunity to another. Of course, as a government we constantly assess the appropriateness of the pay scales that are within our service.

I might say that though I'm never satisfied when things are unequal to any degree, the progress in terms of the amount of money paid for salaries to women in our public service, versus those paid to men, have improved constantly. There hasn't been a drop in that respect in this government's term of office.

MR. HYLAND: A supplementary question, Mr. Speaker, to the Minister of Agriculture. I wonder if the minister could inform the Assembly as to the qualifications relating to the farm stability program between males and females.

MR. ELZINGA: Mr. Speaker, I'm delighted to have this opportunity to correct an error, an inaccuracy, that our Liberal friends are again trying to convey to the public. There is no discrimination whatsoever. A woman can apply as well as a man for this very worthwhile program that we have implemented.

Rosehaven Care Centre

MR. DOWNEY: Mr. Speaker, on Friday the Minister of Community and Occupational Health toured the Rosehaven institution in Camrose. There have been some concerns about the future of that facility. Will the minister tell the

House whether he has made any changes in his plans subsequent to that visit?

MR. DINNING: Mr. Speaker, at the initiative of my colleague the MLA for Camrose, he and I spent approximately five hours at the Rosehaven Care Centre on Friday afternoon. At the centre we visited with a number of the patients and spent quite a bit of time discussing a number of issues with management of the centre as well as representatives of the Alberta Union of Provincial Employees. I took a very careful look at the Eastrose wing of the Rosehaven Care Centre, and I certainly have an awful lot more information to be able to make a decision as to how we will deal with that wing of Rosehaven. I now can sit down with my caucus colleagues as well as my departmental colleagues and come up with that decision.

MR. DOWNEY: A supplementary, Mr. Speaker. Could the minister broadly outline what his plans are for Rosehaven so that the city of Camrose can be assured?

MR. DINNING: Mr. Speaker, I would expect that in the new year we will begin construction of, effectively, a new facility in Camrose. It will include the current facility, but it will bring about a major upgrading of that facility such that when we're finished, we will have some 200 beds to service the needs of those who are in need in that community and throughout all of Alberta as well as a number of day program spaces that will more than adequately meet the needs of those patients who don't require in-house services but, in fact, can take advantage of outpatient services at the Rosehaven centre for their day-to-day living needs.

MR. DOWNEY: A supplementary, Mr. Speaker. The citizens of Camrose are concerned about loss of jobs which may be occurring with the closure of the Eastrose wing. Can the minister assure the House that jobs will not be lost?

MR. DINNING: Mr. Speaker, this was a matter that we discussed at length with the representatives of the Alberta Union of Provincial Employees, and it's something that they, of course, are deeply interested in. If I may, Mr. Speaker, I just want to underscore my deep impression of both the management and staff at the institution and how deeply committed they are to the number one priority, as am I and as the Member for Camrose is as well, of the quality care of the patients in that facility.

Mr. Speaker, I can say that in my discussions with the union, it's not so much that jobs will be lost, but jobs will change. The nature of the institution will change. The beds will still be there, but I believe the focus, the emphasis, will shift to the delivery of programs for those who need them, the mentally ill, on a day-to-day basis, on an outpatient basis, and thereby provide even better service to those people in Camrose who need it.

I might just add that on the construction side of a brand-new facility I think the people of Camrose will welcome the injection of 18 million new dollars to its capital construction program.

MR. DOWNEY: I'm sure that will assure the citizens of Camrose.

A final supplementary, Mr. Speaker. On Thursday last the minister was asked about approved home beds in the

community. Do his plans for Rosehaven include those types of beds?

MR. DINNING: Yes, Mr. Speaker, very much so. If the member would like to return to my remarks in Committee of Supply on July 31, I made it very clear that I am very deeply committed to providing community-based services to all those who need services from our health care facilities and institutions around the province. I believe that facilities like this one — we have some 14 day spaces at Rosehaven right now meeting the needs of more than 14 people on a day-to-day basis throughout the week. I'm going to have the privilege of visiting the Raymond care centre with my colleague the Member for Cardston on Wednesday, and we will see there an ideal situation where I believe that we are returning people from the institution to the community, where they can enjoy good quality service.

MS MJOLSNESS: Mr. Speaker, a supplementary to the minister. What assurance can the minister give this Assembly that the Eastrose ward will remain open?

MR. DINNING: Mr. Speaker, I believe I've answered that question and suggested that I'm carefully looking at this with my caucus and departmental colleagues, and we will have a decision in the days ahead.

Amusement Ride Standards

MR. SIGURDSON: Mr. Speaker, my question is to the Premier regarding the statements that the Minister of Labour made Friday in this House. The minister stated in the Assembly that it is not the government's responsibility to continually monitor the operation of amusement rides and further that there was no possibility that the government was going to accept such a responsibility. He also declared that people chose to go on the rides voluntarily and it is not the responsibility of the government when something goes wrong with such rides.

As the head of this government, can the Premier indicate if this is, in fact, government policy, and is it strictly caveat emptor as far as protection of the public goes?

MR. GETTY: Mr. Speaker, I recall the question and answers on Friday, and certainly the impression given was not the same as the hon. member has raised today. However, I'll review them, and if there is anything that needs to be cleared up, we will certainly do it. I must say that the Minister of Labour has advised the House many times how concerned his department is about matters such as this and how quickly he moved to establish a public inquiry into the tragedy that did happen.

There are many, many things you can do, Mr. Speaker, to prevent things from happening, but there's almost nothing that can be completely insulated from problems. I suppose you have a greater risk on an airplane than you would have on a ride. The very natural gas furnaces we use so much in Alberta cannot be guaranteed to be totally safe, but we do everything we possibly can.

MR. SIGURDSON: Mr. Speaker, a supplementary. Mr. Premier, that was a quote from the Blues.

The Elevator and Fixed Conveyances Act is a law passed by the Legislature, and regulations are made under its authority which supposedly are there to protect the public.

Will the Premier be asking for a legal opinion on why this Act is in place if it isn't there to protect the public?

MR. GETTY: Mr. Speaker, the Act was passed by members of the Legislature and I'm sure will be administered fairly by the Minister of Labour. If the hon. member has additional questions for the Minister of Labour, he has only to wait and he will be back in the House to answer them.

MR. SIGURDSON: A supplementary question, Mr. Speaker. Given that the members of the public use amusement rides on the assumption that the government has tried to assure their safety, does the government have plans to advertise or in some other fashion warn people that the government no longer intends to monitor amusement rides to protect public safety?

MR. GETTY: I must say, Mr. Speaker, it's a foolish question.

MR. SIGURDSON: Much the same as the answer, Mr. Premier.

Given that amusement rides are major tourist attractions for our province, will the Premier remove the responsibility of amusement ride inspection from the Department of Labour and place it under the authority of the Department of Tourism?

MR. GETTY: No, Mr. Speaker.

MRS. HEWES: Mr. Speaker, to the Premier. What has the government done to ensure that the experience, requirements, and qualifications of our inspectors are commensurate with 1980s technology?

MR. GETTY: Mr. Speaker, I'm sure the hon. member would agree that it would be best to direct that question to the minister responsible. He will be in the House shortly, and that would be an appropriate question to ask him. I might say, Mr. Speaker, that the government does everything possible to make sure that those things that it can control are controlled for the safety of all Albertans.

Red Meat Stabilization Program

DR. WEST: Mr. Speaker, to the Minister of Agriculture on a positive and happy note, concerning the tripartite red meat stabilization program. There have been many questions as to the number of producers in the province and across Canada that have joined this program and therefore an indication of the percentage of cattle. Could the minister comment on that, please?

MR. ELZINGA: Mr. Speaker, I'm more than happy to respond to the hon. Member for Vermilion-Viking and indicate to him that under the slaughter cattle program it appears as if, by percentages, there is about 75 percent of our slaughter cattle enrolled, involving 60 percent of our producers.

DR. WEST: A supplementary to the minister. Could the minister indicate the level of payout for the second quarter of '86 and what that equates to on average per head for the slaughter cattle in this province?

MR. ELZINGA: Yes, Mr. Speaker. Just recently there was an announcement that there would be a payout for our

slaughter cattle. The sum total is some \$13.20 per head. In the event that this program had been functioning at its full capabilities, there would have been a greater payout. But because we had indicated that we wished to see it actuarially sound, there will be just this payout of \$13.20 at this time, but it underscores the worthwhileness of this program itself.

MR. PIQUETTE: Mr. Speaker, would the minister please indicate the percentage of the cow/calf producers who are now presently enrolled in the red meat stabilization plan?

MR. ELZINGA: Yes, Mr. Speaker. I'm happy to respond for the third time as it relates to the cow/calf producers and their enrollment activities. Their activities are a great deal lower because of the high calf prices that are presently in existence. The producers themselves feel that there will be little payout for the next year or so, so their enrollment is a great deal lower. The figures we have to date show that the enrollment is somewhere in the vicinity of 35 to 45 percent, which is a great deal lower than the slaughter cattle, again, for the reasons that I've mentioned.

Job-finding Centres

MS MJOLSNESS: Mr. Speaker, I'd like to direct my questions to the Minister of Social Services. Since September of 1985 the government has spent approximately \$1.3 million on five job-finding centres in this province. Can the minister tell the Assembly if her department is doing any type of ongoing audit on these job-finding clubs to determine what percentage of taxpayers' money is going towards operating profit?

MRS. OSTERMAN: Mr. Speaker, I think the hon. member will be aware that the job-finding centres are working with the department on a contractual arrangement, so the specific conditions will be spelled out in the contract and, of course, the contracts are monitored.

MS MJOLSNESS: A supplementary to the minister. Is it the department's practice to guarantee funding of the centres based on a minimum number of clients, regardless of how few clients a centre has enrolled in its program?

MRS. OSTERMAN: Mr. Speaker, I'd have to get the specifics of that question.

MS MJOLSNESS: A supplementary to the minister. Is the department directing their income security workers to meet a quota in terms of referrals to the centres to ensure a minimum number of clients attend the clubs?

MRS. OSTERMAN: Mr. Speaker, it would be my hope that the income security workers would be fully aware of such a program, because as I've stated before — and questions were raised on Friday which I hope to be able to supplement the answers — on preliminary advice the centres for the most part are achieving very good results. For those clients who are interested and that the income security workers believe would be able to work with and benefit from a course given at a job-finding centre, I would certainly hope they would be advising them of it.

MS MJOLSNESS: A supplementary to the minister. Is the minister able to update this Assembly on the amount of

public money, if any, which was lost when Mr. Belaire of the COSB job club left the country?

MRS. OSTERMAN: Mr. Speaker, that particular gentleman and the contractual arrangement which was with him, I would imagine, as the principal of the organization that had been under contract, fulfilled their obligations under the contract.

MRS. HEWES: Mr. Speaker, to the Minister of Social Services. Does the program allow for clients who have been through the program once to have a second chance with a different job-finding club?

MRS. OSTERMAN: I would imagine, Mr. Speaker, that if, in fact, a client could make a representation that another job-finding centre was able to offer a different type of opportunity than the original one first engaged by the client, that representation would be well considered.

Police Information Systems

MR. WRIGHT: Mr. Speaker, my question is to the Solicitor General. In view of the recent news from his department that he hopes that by September 1 the Canadian Police Information Centre computer will have in it, in addition to court suspensions, all the demerit point suspensions, information which has allegedly hitherto been only in the motor vehicles division computer, is the minister able to explain how this state of affairs has arisen, in view of his department's statement in the '78-79 annual report that this information had been added then to the police computers in the course of that reporting year?

MR. ROSTAD: Mr. Speaker, I can't answer as to what statements were allegedly made in the '78-79 year. I do know that, as I've mentioned previously in the House, progress is now being made in interfacing the two computers. As I understand it, our computer had capacity for this particular item, but there's only certain computer organizations that are allowed to interface with the Canadian police information computer. There has been some foul-up in the past in that, but that has been overcome and they will be interfaced now.

MR. WRIGHT: I'd be glad to give copies of the report from the minister's own department to him.

Will the minister confirm that all other types of suspensions and disqualifications have in fact been in the Canadian Police Information Centre computer service since 1978, not just since 1983, as he said was the case with department-ordered suspensions following court convictions?

MR. ROSTAD: I'm sorry, Mr. Speaker; I missed the first part of the question.

MR. WRIGHT: That all these other suspensions have been in the CPIC computer since 1978, not just since 1983 as to the department-ordered suspensions following court convictions.

MR. ROSTAD: As I understand the situation, Mr. Speaker, in 1978 the Criminal Code licence suspensions that arose from fingerprintable code infractions were, in fact, in the computer. As I understand it, after '83 all Criminal Code suspensions were put into the police computer. Our computer

at motor vehicles, in fact, has suspensions that come through demeritable points. As I've mentioned previously, the two will be interfaced to overcome the problems that we have had, that have occurred in the most recent instance of the Konkolous case.

MR. WRIGHT: I see. Mr. Speaker, a supplementary here. It does seem that there is a difference between us on the facts. Will the Solicitor General kindly look into the apparent contradiction between the report I referred to and subsequent ones and his recent statement to see where the truth lies? If, in fact, there has been misinformation supplied to him and therefore to this Assembly, will he undertake to deal with that and let us know what he proposes to make sure it doesn't happen again?

MR. ROSTAD: Mr. Speaker, I'll certainly look into it and inform the member and the Assembly if I have been misinformed. I still would like to point out to the hon. member and the Assembly that the end result is the same: on September 1 we will have interface, and suspended drivers will be apprehended.

MR. WRIGHT: A final supplementary, Mr. Speaker. In view of the incidents reported by the Solicitor General to the Assembly of suspended drivers nonetheless driving, some of them with falsely obtained duplicate licences, what foolproof method does the Solicitor General propose to make sure that people cannot get falsely represented licence renewals, and why has he apparently ruled out in advance, fingerprinting?

MR. ROSTAD: Mr. Speaker, I'm not sure that there's any system that can be devised that is absolutely foolproof, even if we instigated fingerprint identity for licence applications. I can advise the hon. member and the Assembly that this morning we had a meeting with the agents of the Attorney General to determine the facts of the particular case at instance as well as other previous cases that have come to mind showing where licences have been obtained in a fraudulent manner. We are working with the Attorney General and the police system to set up a system that will be as foolproof as possible. But again, where there is a will, there's usually a way.

MR. SPEAKER: The official time for question period has expired. The Minister of Social Services wishes to supplement information provided to the Assembly on Friday.

Social Services Staffing Levels

MRS. OSTERMAN: Mr. Speaker, on Friday last the hon. Member for Edmonton Gold Bar asked me questions about some detail respecting social allowance caseloads and related programs. The provincial caseload in July of this year was 59,894 compared to 56,427 in July of '85. The hon. member also wanted to know the numbers of staff who have been hired to deal with the additional caseload. In Edmonton 25 social workers and 13 clerical workers have been added to deal with both the additional people on assistance and my directive which requires fuller information be given to recipients. The corresponding numbers in Calgary are 15 workers and 15 clericals, and more will be added as required.

With respect to questions about the pilot project of job-finding centres, the hon. member wanted to know the cost per client. Mr. Speaker, the job-finding centre project has

a \$1.5 million budget over 18 months, and the average cost per client is \$500. I might conclude by saying that I think the program doesn't cost; it really pays, because if one person is off social allowance for one month as a result of the job-finding centre course, of course, the taxpayers of the province will benefit, and certainly the benefits to the clients are obvious.

MRS. HEWES: Thank you, Mr. Speaker and Madam Minister, for the information. Has the minister reviewed the budget in the light of this increased demand for social assistance to determine whether or not the budget will be sufficient without an additional amount of funds?

MRS. OSTERMAN: Mr. Speaker, obviously, projections were made some time ago when the present budget was formulated for the '86-87 fiscal year based on the incidence of usage of the social allowance system as presently constituted. The budget will not meet the present caseload. We certainly are hopeful that this will not continue. Obviously, the hon. member knows — it was discussed in the House before — that additional funds will be sought by way of special warrant, if that should be needed, come next spring.

ORDERS OF THE DAY

head: COMMITTEE OF SUPPLY

[Mr. R. Moore in the Chair]

MR. ACTING DEPUTY CHAIRMAN: The committee will now come to order.

ALBERTA HERITAGE SAVINGS TRUST FUND CAPITAL PROJECTS DIVISION 1986-87 ESTIMATES OF PROPOSED INVESTMENTS

Department of Agriculture

MR. ACTING DEPUTY CHAIRMAN: Agriculture will be first on the list. If we have time, we will proceed to Environment and then Community and Occupational Health. The hon. members should realize that we've already covered Agriculture in our general estimates and today we're looking at the narrow area of the heritage trust fund. It's in three votes under Farming for the Future, Food Processing Development Centre, and irrigation rehabilitation and expansion. We will deal with one vote at a time beginning with Farming for the Future. I would ask all members to address one vote at a time; in this particular case, Farming for the Future.

1 — Farming for the Future

MR. ACTING DEPUTY CHAIRMAN: Has the minister an overview to begin with?

MR. ELZINGA: Yes, Mr. Chairman, I do have a brief overview. Just prior to getting into my overview, I will indicate my thanks to the hon. Member for Chinook and the hon. Member for Innisfail, who kindly consented to sit in with the associate minister and myself in dealing with the three votes related to agriculture that are before the

House. As all members will be aware, the hon. Member for Innisfail has served on the Research Council, and we thought it appropriate that he be here to respond to any questions or concerns related to vote 2 that members might have. On vote 3, since the hon. Member for Chinook is such an expert when it comes to irrigation and water, we've asked him also to sit in for the proceedings of Committee of Supply dealing with the Alberta Heritage Savings Trust Fund capital projects division.

Dealing first with vote 1, specifically Farming for the Future, as hon. members are aware, this vote requests some \$5 million so that we can continue with the extremely worthwhile work that is being done in the area of research. I'd like to give a brief overview. I share with hon. members that I will be very brief, because I am sure there will be a number of questions forthcoming from the Legislature.

As hon. members are aware, Farming for the Future was announced in late 1977. As I referred to earlier, the Agricultural Research Council of Alberta administers this fund, and we are thankful that the hon. Member for Innisfail has served as a member of that worthwhile body. As hon. members are also aware, Mr. Chairman, the first mandate ran for five years through to March 31, 1984. During that period there were a good many support programs involving 200 scientists and more than 100 producers participating in 343 different research and on-farm demonstration projects. In total, \$25 million was committed to further expanding Alberta's agricultural research efforts during that period.

As we are also aware, that mandate was extended with a second mandate which will be in effect for a three-year term starting April 1, 1984, with \$5 million in new funding allocated for each of the three physical years. The second mandate expires on March 31, 1987. Mr. Chairman, it's noteworthy to underscore that these projects include studies which relate to all major commodities and resource areas of importance to Alberta's agricultural and food sector.

It's also noteworthy to underscore the prominent success that has been enjoyed by Farming for the Future. Prominent successes include the development of six livestock vaccines, the Alberta bee, safflower and soybean varieties, rapid feed evaluation techniques, a method for potato virus disease control, an improved nitrogen fixation process, as well as involvement in an assay for hypersensitivity to bee stings and an assessment of pesticide hazards. The estimated return on these projects alone is some \$140 million. It's worth while to indicate, too, that without a research program capable of producing tangible results such as these, Alberta's agricultural industry would lose its ability to compete in today's markets and would be left far behind in the race to meet the challenges of the agricultural sector in the 21st century.

Mr. Chairman, as I'm sure all members are aware, there are two funding vehicles which are employed under Farming for the Future: the research program and the on-farm demonstration program. The goal of the research program is to augment and complement research conducted by institutions, while the goal of the on-farm demonstration program is to expedite the transfer of research findings to the farming community. Rather than go into lengthy detail as to the research and the on-farm demonstration programs, Mr. Chairman, I will leave it at that and respond to what areas of concern might develop.

In closing, let me indicate that there is some variance between the '85-86 estimates and the '86-87 estimates. It's worthy to point out that the reason for these apparent differences in the estimates is that there have been different

methods to describe how the funds were distributed over the various budget categories. But I underscore that even though there is a difference in the estimates, when the budget estimates are presented in a comparable form, it is quite clear that no substantial changes have taken place between the two budgetary years.

Mr. Chairman, after my very brief remarks, I indicate in closing that we look forward to the participation of the associate minister and the two members I referred to earlier in responding to questions. These individuals are very familiar, as they have been involved with the activities of our heritage trust fund. We look forward to responding to any concerns, questions, or representations any member would like to make.

MR. ACTING DEPUTY CHAIRMAN: Mr. Minister, how would you like to handle this? Do you want to reply after each speaker, or would you rather hear all the speakers and then reply at the end of the vote?

MR. ELZINGA: It would be my hope, Mr. Chairman, for the sake of time, to respond at the end of the presentations by the various members, much as we did with our estimates. I will attempt to give a detailed breakdown to whatever questions do develop and respond at the conclusion of all statements or questions put by Members of the Legislative Assembly.

MR. ACTING DEPUTY CHAIRMAN: Thank you.

MR. HYLAND: Mr. Chairman, to the minister. Farming for the Future is something I've spent a lot of time on in the last three years, especially in heritage trust fund. All one has to do is read the comments that I and others have made in trust fund about the future that research has in agriculture in Alberta, especially with the federal government in times past — I'm not sure what they're going to do in times future — pulling back on research positions in Alberta. It's important that we have this vehicle and that it keeps on going.

The minister said the mandate was up on March 31, 1987. To that end, last year in heritage trust fund, what I suppose you could call an all-party motion was passed. It was a recommendation of three of us put together that a fund be patterned on the medical research foundation, that a certain number of dollars be put aside so the income from those dollars would create a fund that would continue agricultural research and we wouldn't be renewing it every five years. Well, the first time it was five years and then it was three. I wonder if the minister can comment on that, because I believe it received the almost unanimous if not unanimous support of the Heritage Savings Trust Fund committee of the previous Legislature.

Also, Mr. Chairman, to the minister. I wonder if the percentage split that we have between pure research in the universities and the pure research done by various companies — are we going to tie that more into on-farm research or demonstrations? I well realize that in three years the on-farm demonstrations have grown considerably, but I still think ... All the research is good in many ways. It provides many jobs and provides an outlet for paper manufacturers, but I wonder about it if it's something that's done and just sits up on a shelf somewhere in some library. If it can't be used by the producer, maybe we should somehow develop a way where we can get interested producers and researchers

together so they can develop a better system of more usable research.

Thank you.

MR. FOX: Mr. Chairman, in rising to question the hon. Minister of Agriculture on the capital fund estimates for the Farming for the Future program, I'd just like to say at the outset that we in the Official Opposition consider research now and in the future to be of utmost importance to the agricultural industry. I think we can recognize that there are many challenges that face the industry in the years ahead, and we need to find new ways of coping with these challenges in terms of production and marketing alternatives.

We see new challenges rise every day. I guess what comes to mind is the declining marketing potential for some of our traditional crops. Some of the countries to which we've sold our wheat, oats, barley, and canola over the years have in the interim become very nearly self-sufficient and in some cases net exporters of these commodities. I think we as a government have to do everything we can and commit as much money as possible to research to help develop cropping alternatives and different methods of production and also to find uses for these different products so we can try to build an even healthier agricultural resource base in the province of Alberta.

Concerning the money that goes to the Farming for the Future program, the minister indicated that in terms of this year there was a decline in grants from last year but it related more to the way in which the programs are described. I notice an increase in the manpower and supplies and services expenditures. I can see that the two amounts, when you get down to the bottom, end up being virtually the same. But apparently in 1983-84, Mr. Minister, there was a commitment of some \$7.5 million to the grant portion of research funds. I just wonder if this is a trend, or will there be an increased commitment to research in the future?

Mr. Chairman, I'd also like to know just what the minister's plans are in regard to the recommendations of the standing committee on the Heritage Savings Trust Fund that an agricultural and biological sciences research foundation modelled on the Alberta Heritage Foundation for Medical Research, with similar funding, an endowment sort of funding, the same as given to AOSTRA and the Alberta Heritage Foundation for Medical Research — is the minister committed to that sort of funding program in the future? I notice that Motion 229 on the Order Paper sort of deals with that question. I just want to emphasize here that ...

MR. ACTING DEPUTY CHAIRMAN: I don't think this really relates to Farming for the Future. Going into that area is a pretty thin line if you hook it up. Would you carry on and tie it in if you could?

MR. FOX: I think it relates very directly to Farming for the Future. What the trust fund committee was suggesting — it was a recommendation made to the committee by the former Member for Spirit River-Fairview and obviously considered worthy of the endorsement of the entire committee — was that the Farming for the Future program, which is what we're discussing here, be funded in much the same way as the Alberta Heritage Foundation for Medical Research; that is, based on a \$200 million endowment fund to provide ongoing funds for research. I think one of the reasons for that is to provide a more stable funding base for agricultural research so that it wouldn't be subject to budgetary whims that may intervene in a given budget year. I do think it

relates very directly because that's exactly what we're talking about.

In questioning the minister further, I'd like to endorse the suggestion of the Member for Cypress-Redcliff in terms of more on-farm, sort of applied research projects. I think we have a very vast resource of researchers in rural Alberta. The people who work on farms and with the crops and livestock have a wealth of ideas. I'm sure the minister would be interested in trying to tap that resource in a more meaningful way. I think one way of doing that would be to have more on-farm types of research projects and maybe a little less emphasis on the pure types of research.

Mr. Chairman, I do believe that we will have a further opportunity to question, that there's not a limit to this. I think I'll sit down now and await the minister's reply.

MR. PIQUETTE: Mr. Chairman, I also would like to concur with the Member for Vegreville that the whole future of agriculture lies in making sure that we not only preserve the family farm at the present time but also look at the whole aspect of Farming for the Future in terms of marketing strategies and product development so that we are no longer still in the ice age of farming. As the world market expands and beef and pork become very competitive in world markets, simply killing, hanging, and then selling the animal can no longer be the way that we address the sale of that product here in Alberta. I'm encouraged to see that in Farming for the Future there is research going on to develop the product.

What I'd like to do, however, is to ask particular questions from the minister relating to some of the ongoing projects of Farming for the Future. For example, I read here:

Research projects can be in any of the following categories: apiculture [and entomology]; beef and dairy cattle; cereals and oil seeds; forage crops; land use and soils; transportation, processing and marketing ...

In the area of processing and marketing I'd like to ask the minister what specific research projects some of that \$5 million is being provided for. It also covers:

... poultry, sheep and swine; and special crops.

It seems to me that \$5 million a year is very minute if we're going to have any kind of meaningful research programs involving such a multitude of areas in the agricultural industry. If we're going to spend that money wisely, I would suggest that perhaps the minister should segment a couple of projects during the year to make sure that adequate research takes place in a couple of specific areas that we feel have to be addressed in the agricultural industry rather than putting it wide open to any group to sponsor perhaps a little project which is not very meaningful in the end. I want to hear from the minister what specific project Farming for the Future is presently doing in processing and marketing. Will that provide Alberta farmers with any guarantee that this research will be beneficial to them?

I believe we're going vote by vote at this time; we're going vote 1, vote 2. I was going to ask a question about vote 2; I guess I'll wait a few more minutes to do that.

The other aspect that I'd like to ask the minister is in the land use and soil area. What kind of research is being developed in that area? I'm very concerned about the way the whole mining of our soil is taking place, especially with the downturn in the economy at the present time. In order to remain viable, farmers have to produce maybe without taking adequate care of the soil. What I think is happening very much in our province is that we're mining the soil by applying a lot of fertilizer without any long-

term look at the whole disintegration of the soil. If we're going to be farming for the future, I think we have to guard this very important natural resource. Unless we specifically address that in our research, in the advice we give to farmers, in the help that we can provide ... I'd like to see what direction the government is giving in this, what specific projects are being researched at this time and whether they involve this whole aspect of soil mining, whether our number 1 and number 2 soil will be around 50 years from now in terms of our present cultivation methods, which are very often — perhaps because of the price situation farmers are not taking that into consideration at the present time.

I was in conversation with a number of farmers about that specific problem just a few months ago. They feel that their farming technique in the last 10 years has really gone down the tube. The things we used to do to make sure that we were building up the soil, in terms of crop rotation and making sure that we retained fibre in the soil, are very quickly being thrown out the window by our present agricultural methods.

In terms of Farming for the Future, I think the preservation of both the family farm and the long-term agricultural industry in Alberta is a very, very important area to address in terms of research and education of Alberta farmers as well.

[Mr. Musgreave in the Chair]

MR. DOWNEY: Mr. Chairman, I would just like to make a few brief comments on the Farming for the Future program. It's been well received by the public and there have been demonstrable results as well. I appreciate seeing the minister continuing with that commitment.

Mr. Chairman, I'm happy as well to hear the support expressed by the members for Vegreville and Athabasca-Lac La Biche with regard to the research area. I hope I'll be able to count on their support when Motion 229 standing in my name on the Order Paper comes to a vote.

I would like to address a question to the minister with regard to making Farming for the Future a part of, if you like, a larger and longer term commitment by perhaps taking a two-pronged approach to research. One, continue the Farming for the Future program for projects with a time frame in the one- to five-year range. The second prong, Mr. Chairman, would be the creation of a body with a suitable financial commitment for five to 10 years or more, because it's well known in the research community that many areas of research in the agricultural field will not bear fruit in less than a 10-year period. I speak here of research into the areas of biological pest control for both insects and noxious weeds, in which case it may be desirable to establish, for instance, an insect population, which might take several years and no results would be evident in a short time frame.

With those comments, Mr. Chairman, I hope that we will be able to pass vote 1 with very little debate and move on through these estimates. Thank you.

MR. HAWKESWORTH: Mr. Chairman, I just have a couple of questions I'd like the minister to address in his response, if he would. They have to do with the role of this \$5 million expenditure in relation to all the agricultural research expenditures of his department. Is this intended to be supplementary to or an enhancement of the Department of Agriculture research generally, or does this \$5 million replace research that would otherwise be conducted by his

department? In that regard, I wonder if he would just tell us how Alberta compares to other provinces, other departments across Canada, say, on a per capita basis as to the spending on agricultural research and as a percentage of Agriculture department expenditures. Is that a trend his department has been able to maintain over time?

Very briefly, Mr. Chairman, the second area of questions. How are the results disseminated in a practical sense once this research has taken place and the results have been achieved? Is it done through the field services of the Agriculture department, or are there other ways that it's done? Maybe he could reflect briefly on the experience the department has had recently in seeing things that have been researched and developed get implemented and practised throughout the province.

Thank you, Mr. Chairman.

MR. ADY: Mr. Chairman, I'd like to make just a few comments on this vote. First of all, I'd like to commend the government for allocating some funds for research. Agriculture being in the economic downturn that it is, research is probably one of the few bright lights on the horizon for that sector. To substantiate that, I think that if we look back just a few years — I bought a farm and moved to it about 10 years ago, and as I look at what's taken place in those 10 short years, I can see some vast improvements in things that have been offered to the farming sector.

It's not many years ago that we had only very few varieties of cereal crops, specifically, and since that time we've had some new varieties come onto the market that have improved drought resistance. We also have some early maturing varieties to resist frost. It's not that many years ago that we only had two varieties of barley, and that didn't give us a very wide choice when we went to seed a crop. If we seeded one of them, it blew out in the wind, and if we seeded the other, it lodged and we couldn't swath it or combine it. If we move on just a little bit further, it's not that many years ago that we had ranchers hauling calves off to market at 350 or 400 pounds. That seemed to be acceptable, but in today's marketplace we know that that's not economical. We have to market an animal that approaches 600 pounds if we're going to realize a profit.

I make these points to accentuate the necessity for research and the type of thing that's offered in this vote. I think there have been some really good improvements there. The one thing, though, that always comes to my mind is that we do quite a bit of research in the stations and other areas of the government funded by the government, and I worry a little bit from time to time if that information gets to the farmer and the rancher as effectively as it should. My question to you, Mr. Minister, is: what programs do you have in place or envision having in place that would improve that dissemination of information to the farmer out there who spends his time working instead of running to research stations or to the government to get help? It's perhaps partly their fault; nevertheless, they do require that kind of help.

The other one may perhaps be specific to my constituency. We have a very severe problem with pocket gophers destroying hay crops. In view of the cost of seed, it's very expensive to seed back hay crops. Within two years pocket gophers can come in and destroy the whole field and necessitate having to reseed it, whereas if we didn't have to contend with them, a field of alfalfa could last perhaps as long as 12 to 15 years.

I would like to make one final comment. In view of the fact that this program is funded from the heritage trust fund and that fund was of course established to give some benefit to the heritage of this province, I can't think of a better way to spend our money than to do some research that would provide better products for posterity, to produce food for the people of this province and for the world and allow them to compete in the marketplace.

Thank you.

MR. YOUNIE: Mr. Chairman, just a few brief remarks concerning the research as listed here. I would have to echo the comments of the Member for Cardston that research is a very valuable part of agriculture, perhaps one of the most valuable in terms of what it will do for the future. I would have to agree with the title, Farming for the Future.

I'm wondering if something listed in the area of research might include irrigation. I didn't see anything in there that referred to irrigation research. When one looks at all the areas of government expense and how much money is spent on dams and irrigation projects, I was a little concerned that it might almost be the most expensive item that relates to farming. Perhaps some research into areas where we could cut down that cost and perhaps bypass the need for some of our dams that will cost hundreds of millions of dollars would be in order.

I would say that this could be one of the most valuable areas of research the department could consider and one that would give the most benefit for the future, especially if one listens to people who are predicting that the dryness of southern Alberta will in fact be spreading northwards over the next few years and the climate is warming up. Therefore, the amount of dryland farming may increase rather than decrease. This kind of research becomes more and more important, and I would like to see it included in there. If it does come under land use and soils, and that was really the only area I could see where it might come in, then I would like to see it included there. Somebody just pointed out that vote 3 deals with that. It doesn't deal with research; it deals with rehabilitation and expansion, which is not the same as research.

I would like to see very detailed research into alternatives to widespread spraying, which is not the most efficient way to get water from the canal to the roots of the plant. In fact, a large percentage of it often ends up going into the air rather than to the plants. A lot of what gets to the plants then evaporates off them back into the air. I think we have to look at alternatives. Agreed, there are difficulties in using drip systems and related systems for hay and grain crops, whereas they work much better for other types of crops. That's why I think it is an area for research, because our present and past methods aren't very workable in terms of trying to go to drip systems for the crops we now irrigate in the south. I think some research into encouraging alternative crops in some areas of the south might perhaps be worth while as well.

If the minister were to say that we are in fact going to take \$10 million or \$15 million out of some of the areas where we're spending lots of money on dams and use some of that for bona fide research into alternative methods of irrigation, he would find me a strong supporter of that.

Thank you.

MR. FOX: Mr. Chairman, it surprises me how close the Member for Edmonton Glengarry and the Member for Cardston are on many issues, and I hope it doesn't have

something to do with the fact that they sit too close together. [interjections] Keep your hands off me is ours.

I just have one more question for the minister. In view of my comments about the vast amount of talent and ingenuity there is out there in the rural community, I think it's best illustrated by the kinds of inventions and machines and ways of doing things that farmers concoct in order to cope with various problems they encounter. I just want to draw the minister's attention to one of the recommendations of the report of the Standing Committee on the Heritage Savings Trust Fund Act as it relates to Farming for the Future and find out what the minister's feelings are about this recommendation:

That the Committee recommend that Farming For The Future consider establishment of an agricultural invention and development project which would act as a clearing house, advisory committee and development information agency, co-ordinating and publicizing ingenious and innovative agricultural inventions and/or basic mechanization improvements.

I'm just curious to know what the minister's sentiments are on that apparently very worthwhile recommendation.

MR. TAYLOR: Mr. Chairman, more suggestions than questions to the minister. He's often asked me to share my wisdom with him, but it would take too long to do that all at one stretch, so I'll just do a small shot today to ease you into it slowly.

A while back I mentioned greenhouses, Mr. Chairman. I still think there's a great deal of natural gas. If any of you have ever driven down the road and smelled a peculiar smell or seen the flares in the evening, you know there is enough gas flared in these natural gas plants around oil and gas leases to use for heating. It's not enough to collect, treat, and take away to be sold commercially, but I think it could do quite a little in a greenhouse. It might be worth doing a little research in that line.

By the way, I might also mention in the greenhouse line that there might be a way of letting the government dollar go a long way if were it matched up with a private enterprise dollar, someone familiar with either greenhouses and heating or with the farming end. Many years ago I was associated in starting up a greenhouse in Calgary that uses plastic, which has become highly popular now. It started in conjunction with Sprung greenhouses, and I'm fairly familiar with what a certain amount of free enterprise and thinking can do. I was also involved in hydroponics. Hydroponics is not quite as easy as a lot of people would think, because once a disease starts amongst your plants, you have to clean everything out.

As one of the gentlemen already mentioned, irrigation is an area in which I don't think we do much. Let's put it this way: if we do any studies in it, it doesn't show up in the field. For some years I was associated with a corporation in Israel that was very involved in the development of Israel. Whatever you say about Israel, pro or con, you certainly can't criticize its expertise in irrigation and the use of water. They have to make the amount of water they have go further than nearly anyone else. When we look at our irrigation system here versus theirs, it's sort of like comparing an axe with a modern bulldozer.

MR. ELZINGA: Mr. Chairman, I hate to interrupt the hon. member, and I say this sincerely. He just came in the House and is unaware that we're working vote by vote. Irrigation is vote 3. We're still on vote 1, sir.

MR. TAYLOR: I'm sorry. I didn't flip the pages fast enough. I'd gone through votes 1 and 2 but not through 3. We'll let that go.

The last was in the biotechnical field. As you know, many of the stock promotions today and some of the fast-rising investments and diversification in small business are in the biotechnical field. I often feel that it is left too much to the Provincial Treasurer and the financial houses and that not enough encouragement goes on from the actual Department of Agriculture itself. I think biotechnology has the same romance that Silicon Valley had 10 years ago, oil and gas had 20 years ago, or gold mining had 40 years ago. The whole age of revolution now lies in the biotechnical, and I think that to leave it strictly in the hands of the Treasurer or the financial people is doing a disservice to agriculture in Alberta.

Somebody once said war was too important to be left for generals. Maybe biotechnology is too important to be left to financiers. Consequently, I think the research in agriculture here could do a little bit toward telling the Treasurer's department which lines of biotechnology we should maybe be pursuing a little more aggressively and a little faster than others. As it stands right now, if you mutter the words "biotechnology" fast enough and have a high-priced enough lawyer with the right political contacts, your grant goes through. I'd rather see much more attention paid to whether or not the biotechnology we're talking about will be of help to the prairie farmer or to the Alberta farmer.

That's it, Mr. Chairman.

DR. ELLIOTT: Mr. Chairman, I welcome the opportunity to make some comments and ask some questions of the minister at this particular time. Having had some experience with agriculture research and the Farming for the Future program, I think it's important that all of Alberta say thank you to the Department of Agriculture for the program we have going here under the Alberta Heritage Savings Trust Fund.

This particular program has injected not just an immense amount of money but also encouragement and support to a lot of programs in this province that can be identified as agricultural research. I'm referring to programs that are already under way with federal groups, the universities, and the private sector. By definition, the program was introduced to augment and supplement research, and this it has done.

It has covered two or three different areas. On the area of basic research, Mr. Chairman, I'd like to make reference to one little project that is very dear to me; that is, the program at the Beaverlodge research station in the area of microbiology where there was research known in this specific case as legume inoculation for a particular species of alfalfa. With the help of this type of funding, that research not only was augmented and supplemented but was encouraged, expanded, and tested throughout the northern part of the province, and new strains of bacteria were developed for inoculating these legume species. That research, because of the help received through Farming for the Future, has expanded to where it is now world class. At one time it was in a league with research in Hawaii and in Israel. Today it is now the leading research in that area, and I think we can take considerable pride in it. I just use that as an example.

Mr. Chairman, in a time of austerity and cutting back in all jurisdictions, in both provinces and on the federal scene, there's always that worry about money being taken

out of the research commitment. It's always an easy place to attack when it comes to cutting funding, and as has already been pointed out by other people speaking to this particular topic, research is not something to turn on and off like a light bulb. It has to have a long-term commitment because by their very nature, working with biology, some of these are long-term projects. I would like to encourage the minister and his colleagues to do everything possible to see a long-term commitment approach developed to much of this work whenever contracts are entered into with research people, whether they be federal, university, private or, indeed, in our own jurisdiction.

I'm also concerned about the fact that cutbacks in other jurisdictions such as the federal Department of Agriculture research branch not be taken as a threat to the entire research scene in Alberta and that we don't over-react with reducing our input from Farming for the Future. That should perhaps be used as an opportunity to review with the federal government our commitment and in some way encourage them to keep their commitment in the area as high as possible, and we can continue to match the funds.

Briefly, Mr. Chairman, those are the comments I wanted to make.

MR. DROBOT: Mr. Chairman, first of all I would like to commend the minister on his interest in and the continuance of the Farming for the Future program. When Farming for the Future was first started, it was to supplement additional research on agricultural products and agriculture. Since then Farming for the Future has also expanded to farm research which is being conducted on different farms. This has a lot of merit, as climatic and soil zones vary greatly. It also provides an interest in farm trials and research as well as providing a great deal of interest locally. Seeing is believing. It also provides an outlet for some of our young farmers to try to experiment with new ideas rather than accepting the status quo. Farming for the Future also means a future for our young farmers.

I would like to leave the Assembly, perhaps, with this thought:

Why do you farm
if the future is so bleak?
Why do you keep on losing money
If a better job you could seek?
You have a chance to make a change,
Why do you stick it out?
We just can't understand this mess.
What is this farming all about?

I look at them; they will never know,
Nor will they understand,
The joy, the peace, the pride I feel
While standing on my land.
God gave to me to do my best;
He's always at my side
And listens to my problems
While on my tractor I ride.

The wind is blowing in my face,
The sun beats on my skin;
I look around and say,
Dear Lord, will I ever win?
My price is low,
My debts are high,
My bills are overdue.

I need your guidance now, dear Lord,
To help me make it through.

As I glance up,
A hawk swoops down,
A sun ray fills the air.
My children run across the field,
Laughing without a care.
My strength must be great,
My faith must not be weak;
I need your guidance now, dear Lord,
If farming I am to keep.

The house is still,
The day is done,
It's time to get some rest;
I look around my yard and see
How much I have been blessed.
I will do my best for farming,
That promise I do make.
Whatever I do from now on, dear Lord,
May it be for our children's sake.

MR. MITCHELL: Mr. Chairman, it's tough to follow that act. There's a man applying to be Minister of Culture.

I just have a series of questions I would like to ask the Minister of Agriculture concerning this particular Agricultural Development Corporation estimates consideration. Has the Agricultural Development Corporation made its principal payment of \$22,280,000 scheduled for March 31, 1986? Did it make that payment? Secondly, there are 1985 ...

MR. DEPUTY CHAIRMAN: We are dealing with the Agricultural Research Council; vote 1. I thought you said the Development Corporation.

MR. MITCHELL: Okay, I'll put this into perspective then. I'm looking at the amount of money that has been and is being transferred from the Heritage Savings Trust Fund to the area of agriculture. What I'm trying to get at is how effectively that money has been used in order to make an assessment of whether or not we should be funding further agriculture projects under the Heritage Savings Trust Fund. I'm assuming that there's a general consistency of management involved in all of these projects. [interjection] Thank you very much, Mr. Chairman.

Has the Agricultural Development Corporation ...

MRS. CRIPPS: Mr. Chairman, we're talking about the capital projects division and he's talking about the Alberta investment division, which is not in this vote. Is that right?

MR. DEPUTY CHAIRMAN: I assumed the hon. member was going to lead up to vote 1, so that's why I suggested he proceed, but if he doesn't I'll suggest ...

MR. MITCHELL: The capital investment will be managed by people who manage all these things, and it's important that we know how well they're managing what they're managing before we can determine whether they should manage something else.

MR. HYLAND: On a point of order. I think some of the comments that the hon. member is making should be said when the trust fund committee sits. We're supposed to be dealing with the white book on the estimates under Agri-

culture, 1 — Farming for the Future, et cetera, and should we transfer money from the trust fund to that account to keep it going, rather than talking about the investment division of the trust fund and transferring money into the Agricultural Development Corporation or the Alberta Home Mortgage Corporation. We could get into the whole thing.

MR. MITCHELL: Mr. Chairman, isn't this what we have 12 days to do? I would like to see a ruling from *Standing Orders* at least as to whether or not it says we're restricted to that particular document. It seems to me that it's our mandate and our responsibility to review how effectively Heritage Savings Trust Fund money is being utilized. We're talking agriculture. Are we going to get any other chance to discuss it? Probably not. I feel that I have to say it now or it won't get said.

MR. R. MOORE: On a point of order. Prior to your arrival, it was decided the procedure would be to go to vote 1, and we would deal with that and proceed to others. There was no comment from the members; by no comment it was agreed that we'd proceed in that manner.

MR. DEPUTY CHAIRMAN: I should point out to the hon. Member for Edmonton Meadowlark that there is a motion on the Order Paper for transfer of funds to the Alberta Agricultural Development Corporation in the amount of \$149.5 million that would give you opportunity for debate at that point. I would suggest that you deal strictly with vote 1: the \$5 million that's to be voted for Farming for the Future.

MR. MITCHELL: Let me try this approach then. In dealing with vote 1, how can I be sure that it will be properly undertaken, properly managed, and effectively implemented if I have concerns about how other Heritage Savings Trust Fund agriculture allocations have been utilized? I can't be; I have to ask questions so I can find out.

MR. DEPUTY CHAIRMAN: Is that your question?

MR. MITCHELL: I just have four short questions, not that ... Okay. Thank you very much, Mr. Chairman; I appreciate it. Has the Agricultural Development Corporation made its payment of the principal of \$22,280,000 as of March 31, 1986? Directors' fees for the Agricultural Development Corporation are \$228,000. Could we please find out how many directors there are and what each one of them is being paid and whether there are MLAs sitting on that board of directors? Income ...

MRS. CRIPPS: Mr. Chairman, that is in the Alberta investments division of the Heritage Savings Trust Fund estimates, and we have a Heritage Savings Trust Fund committee which addresses those points and calls the ADC vote before it.

MR. MITCHELL: I thought we had a ruling, Mr. Chairman.

MR. DEPUTY CHAIRMAN: The ruling was that you would stay with the amount to be voted, which was \$5 million for Farming for the Future, and I thought I had directed you back to that. You then suggested you had four short questions. I assumed incorrectly that the four short questions were going to be on that vote of \$5 million for Farming for the Future. I suggest that unless your questions are

directly to that subject, I would call on the minister to respond to the other questions.

MR. TAYLOR: On a point of order, Mr. Chairman. We have been handed a little booklet in the very traditional colors of this Legislature for the last few years saying The Alberta Heritage Savings Trust Fund Capital Projects Division. If somebody gets up and tries to ask questions on the capital projects division, we're told we've got to stick to the vote. It seems to me that overall ...

MR. DEPUTY CHAIRMAN: Please, to the leader of the Liberal Party, that's exactly what we're doing; we're dealing with the first vote in this book.

MR. TAYLOR: Further on a point of order. What's wrong with him just running through the four questions that he wants to ask? We've wasted more time in jumping up and down and trying to dodge it than letting him file the four questions and go on.

MR. DEPUTY CHAIRMAN: There's nothing wrong with it except that the four questions are out of order. The hon. minister.

MR. ELZINGA: Mr. Chairman, as the hon. Member for Westlock-Sturgeon knows, we're more than happy to answer any questions put, but we also believe that there is a proper place to have them put. I would have thought that the hon. members, after sitting in this House for a period of time, would familiarize themselves with the proper procedure rather than the traditional basis that the hon. Member for Westlock-Sturgeon uses, raising these questions in a very improper fashion. We're more than happy, as my colleague the associate minister has indicated — when we look into the funding for the investment fund as it relates to ADC, where those expenditures are all outlined. We're a very open, forthright government. We're delighted to have this opportunity. We're just disappointed that the members of the Liberal Party aren't well enough researched or organized to know when to do that.

MR. TAYLOR: On a point of order, Mr. Chairman. That's exactly the point; we came in here like Little Red Riding Hood, trusting everybody and figuring we would get time to debate things, and they go by at the speed of light. We want to make sure that we have the questions on the Order Paper. We don't want any of this business coming back later, as has often happened to all of us on the opposition side. Suddenly — zip — the thing has gone through, the minister has gotten up and walked out. We just want to make darn sure that you're indeed as honest and loving as you make yourself out to be when you're talking to us.

MR. DEPUTY CHAIRMAN: Order please. I just want to suggest to the hon. leader of the Liberal Party that there is a motion on by the Provincial Treasurer on the Order Paper, and I'm sure it will be debated. There will be ample opportunity for you to make any comments you wish about the Alberta Agricultural Development Corporation. I would now call on the minister to answer the questions that have already been posed.

MR. ELZINGA: Mr. Chairman, we've got a good number of questions here, and I'll do my level best to respond. It's no wonder that the hon. Member for Westlock-Sturgeon

is a little puzzled. As I mentioned earlier, if he'd do his research, he'd get thorough answers. I can only say he is not doing a very effective job of being in opposition if he's not willing to do that research.

In response to the hon. Member for Cypress-Redcliff, let me indicate to him that it's our hope to establish an agricultural institute, and I would look to the support of all members of this chamber. It's in response to a number of questions that I know my good colleague from Grande Prairie and the hon. members for Vegreville, Stettler, Athabasca-Lac La Biche, and Edmonton Glengarry raised; a good many of them raised it. It is our hope to establish an agricultural research institute whereby we will have the University of Alberta involved along with the private sector and the government so that we can properly co-ordinate our research activities. I commend the hon. Member for Stettler for his motion on the Order Paper, and we hope to proceed with that. I look forward to the input of this Legislature and our caucus and cabinet colleagues in furthering that ideal.

Also in response to the Member for Cypress-Redcliff, I should share with him that there have been more than 200 on-farm demonstration projects which were awarded funds at a cost of approximately \$1,040,000. In 1985 alone there were some 104 projects awarded support of approximately \$315,000. This program of on-farm projects has proven highly successful in meeting the objective of transferring innovative production technologies and techniques to the farming community.

Questions were also raised by a number of members as to how we disseminate the information. It's disseminated through a number of avenues: our on-farm demonstrations; our very excellent and competent staff within the Department of Agriculture; an excellent document which is published, I believe, 10 times a year — if it's not published 10 times a year now, I know that is the plan — a research report; and the media itself.

In regard to the Member for Vegreville, let me indicate my thankfulness to him and his party for their support as it relates to agricultural research and to indicate to him that just today we had the opportunity of meeting with individuals who wish to further develop a processing involvement with the wheat sector whereby we do some actual processing of starch and whatnot here within the province of Alberta. We're looking forward to working very closely with the minister of economic development and the minister of research and telecommunications in pursuing that goal.

I want to make sure I don't miss anything from my hon. colleagues because we want to do a thorough job of answering all these questions. I should just mention to him too — he was curious about budget comparisons. I'm just going to go through the budget comparisons, if I can. If it was put together in a way comparable to the way the budgets were presented last year, the figures would break down as such, whereby manpower — and I'll refer to the figures for the '86-87 estimates first and then the corresponding figures for the '85-86 estimates. Under manpower there would be a small increase, as the hon. member has indicated; it would be \$177,000 as compared to \$159,000 last year. There would be a slight decrease for supplies and services; the figures would be \$212,500 as compared to \$216,000 in last year's estimates. This year's estimates by way of grants would be \$4,610,500 as compared to \$4,625,000, and those two columns will total up to the \$5 million we are asking for. I did deal with his concern as it relates to the agricultural institute.

Dealing with the hon. Member for Athabasca-Lac La Biche, at the conclusion of my remarks I'm going to respond in a more detailed way to the hon. Member for Innisfail. As I indicated at the outset, the hon. Member for Innisfail served on the Research Council as the member from the Legislative Assembly, and he is very well informed in that area. I wish to indicate to him too that when he deals with some of the processing and marketing sector, that also falls under our vote 2, where he will notice that there is an allocation of some \$905,000 for the Food Processing Development Centre in Leduc.

As it relates to land use and soil, I should share with him that, as he is aware, our commitment to soil conservation is very strong and our department is supporting research along with the national soil and energy research council. We're also supporting it through a soil conservation chain at the University of Alberta. In response to a concern he raised related to a breakdown of what did receive funding, the publication is available to him. It's a public publication, and I'm more than happy to forward it to him, to see that the hon. member gets it, as for all projects that received funding through Farming for the Future.

I should share with him, too, that it's not our intent within the Department of Agriculture to replace existing research that is being done, but we wish to complement it, whereby our dollars are well spent to make sure that we do get the majority of the research done. [interjection] Yes, I shall do that. As I indicated, the hon. Member for Innisfail is going to give him a breakdown of some of the projects, but we're also going to send him a detailed booklet with that breakdown.

As it relates to the hon. Member for Stettler, maybe I can again commend him for his motion on the Order Paper and indicate to him, too, that I had the opportunity this morning to meet Roy Berg from the University of Alberta, who is also very keenly interested in the development of the agricultural institute. We are pursuing that, as I mentioned earlier.

The Member for Calgary Mountain View was curious what our per capita spending is. I've got that here. I should point out to him that Ontario and Quebec are the only provinces other than ourselves that have the level of contribution to agricultural research that we do. Saskatchewan has a substantial commitment, but the remainder of the provinces are very marginal. Farming for the Future does not support research that would otherwise be done by Alberta Agriculture. A good amount of money goes to the university, and I should share with him, too, that almost three times more dollars went to support research by private industry last year than in previous years, and we're encouraged by that. That is why we'd like to take a broad approach whereby there is an effective co-ordination of all our research dollars.

The hon. Member for Cardston raised the question as to the dissemination of information. I believe I already dealt with that. The hon. Member for Edmonton Glengarry raised a question related to irrigation. We're looking forward to dealing with vote 3 and having further elaboration by the hon. Member for Chinook, but I should refer him to a number of research projects. I'm more than happy to send them to him if he wishes, but if he would like me to outline a number of irrigation research projects that we are involved in, if he wishes me to read them — I'm in the member's hands. Very good; we shall forward them to the hon. member.

In response to the question the hon. Member for Vegreville raised, I can't recall the title he referred to — the

agricultural invention? — but I want to underscore that it was at the recommendation of the Associate Minister that this recommendation came about, so it's obvious that we're going to be very supportive of that concept.

We always deeply appreciate the hon. Member for Westlock-Sturgeon sharing his wisdom with us. I mention as an aside, Mr. Chairman, that we enjoyed spending half a day with him in Westlock last week. I should point out to him, though, that I have had the opportunity to discuss with the hon. Member for Chinook the possibility of involving our fibreglass and plastics industry in irrigation to a greater degree. As the hon. member knows, it's very dear to the Member for Chinook, and as I mentioned to the hon. Member for Edmonton Glengarry, we're looking forward to the hon. Member for Chinook elaborating on that when we have the opportunity to deal with vote 3.

The hon. Member for Westlock-Sturgeon raised, as he raised in the House a few days ago, some questions related to our support of subsidizing natural gas to agricultural producers. We have a primary agricultural producer's rebate program for the agricultural sector which has proved very effective, and I'm more than happy to go into the details of that program or to forward them to the hon. Member for Westlock-Sturgeon. I'm in his hands as to how he would like me to deal with that. It is an excellent program that helps agricultural producers engaged in production of field crops, livestock or poultry operations, and greenhouses, so there is a worthwhile program for them also.

I appreciated very much the concern the hon. member raised related to our biotechnical field. Several weeks ago I had the opportunity to be in Calgary for the opening of Jim Gray's Calgary firm, which is doing a great deal of good work in furthering research for our agricultural sector. We're hopeful that if things proceed the way I would like them to, whereby we do establish an agricultural research institute, we will have these things co-ordinated, to the benefit of the entire agricultural sector.

The hon. Member for Grande Prairie raised a number of concerns related to federal cutbacks. I pay tribute to him for the outstanding contribution he has made to agricultural research. I know he has been very involved in the scientific community for a good many years of his life. As the hon. member is aware, when I had the opportunity to be in Grande Prairie and speak during Canola Days, I indicated our commitment to the long-term viability of agricultural research. I can assure him that we look forward to his support in furthering the agricultural institute so that we can ensure the long-term viability of agricultural research, as all members would like to. As the hon. member is more familiar with than I am, when there was, I believe, a 5 percent cutback in federal funding for research, we indicated our displeasure at that cutback and reallocated some of our funding. We didn't cut back our funding whatsoever. As the hon. member is aware, we reallocated it so that our funding would not just take up the slack from the federal level because we felt there should be some avenue for us to express our displeasure at cutbacks in such an important area.

In closing, Mr. Chairman, I would like to commend the Member for St. Paul, as all members did by their applause, for that excellent contribution he made on vote 1, dealing with the capital projects of the heritage trust fund.

MR. DEPUTY CHAIRMAN: Did the minister wish the . . .

MR. TAYLOR: A point of order.

MR. DEPUTY CHAIRMAN: Oh, I'm sorry.

MR. TAYLOR: Maybe I could have some advice from the Chair before, but the answers on natural gas were not to the questions I asked at all. Do you mind if I ask them again? I'm not trying to pin you down if you don't want to.

The point on natural gas was twofold. I'm quite aware of the present natural gas policy and helping buy gas for the farm co-ops and for farm distribution, but I mentioned two other areas. One, natural gas is the actual gas that's being flared at different plants and production sites around the province. That could be used. That isn't enough to be collected and pipelined to a farm, but it could be used right at the spot to heat greenhouses. Nothing much seems to be done, although there are some compressor stations using the heat. Alberta Gas Trunk is doing that at the Medicine Hat border. I was wondering if a little bit of the research money could be spent there to see whether the gas could be used right at the wellsite. In other words, the oil company surface lease would make room to put on the site a greenhouse run on the gas that is coming out.

The second part you mentioned — sure, the government does buy gas as it's produced and turns it over to the farmers. I had suggested — I'm not so sure this is the right place to discuss it because it might be more the Department of Energy's area — that the government actually buy the reserves in the ground to give to the farmers, not just buy the production after it comes out of the ground, much as the old United Farmers did way back in the 1920s and '30s. Social Credit started it in the late '40s and '50s and then jacked the idea because gas was taking off, but a lot of gas reserves that are now kept in the ground can be bought very, very cheaply and produced through the years ahead. I argue that it would be a double benefit. It would help small gas producers, give them some cash right now for something they can't sell and, most of all, assure the farmers of this province cheaper gas in the years ahead.

MR. ELZINGA: Mr. Chairman, I'm more than happy to further investigate the suggestions of the hon. member, and we will do our utmost to get him a detailed response.

On that note, could I turn to the hon. Member for Innisfail to respond in a detailed way to a number of the questions that were raised related to the council?

MR. PENGELLY: Mr. Chairman, in particular I'm replying to the hon. Member for Athabasca-Lac La Biche on the processing, transportation, marketing, and socio-economic sector.

Our job, and I as chairman, is to evaluate all of the applications that come in — usually there are several million dollars more applications than we can actually fund — and to choose the ones that we think will benefit the farming sector most quickly. To do that, I'm going to go over some of the projects under that sector. If the hon. member had done a more than cursory examination of the research, he would have all this in front of him anyway.

The first one is Blending of Low Erucic Acid Rapeseed Oil for Utilization as a Dietary Fat, and that bit of research has been done. The Impact of Trade Barriers on the Canadian Canola Crushing Industry was "to assess economic impact of Japanese edible oil tariffs." Another was Implication of Salmonella Contamination of Poultry Meat for Poultry Producers. Incidentally, the ordinary dictionary doesn't do much

good when you read these papers. I still haven't got one I've found all the words in.

Effects of Efficient Procedures and New Technologies on Beef Quality is "to evaluate effects of procedures and technologies on eating quality and processing characteristics of beef." Another one they did — and this would be of some interest to the hon. Member for Vegreville — was the analysis of terramycin in honey. Engineering Development and Economic Analysis of the Dehydrocooling Process is "to develop and assess a method for freezing and drying fresh fruits and vegetables." They tell me that if you dehydrate a cantelope to I forget what percentage of the volume it ordinarily contains, when you want to use it, pour water on it and it comes back to the original size.

Limiting Pesticide Exposure Through Textile Cleaning Procedures and Selection of Clothing has been a very interesting one, and a lot of interest has been shown in it. It is "to devise laundry practices for removing pesticide residues." They have found that in ordinary laundering these pesticides are not necessarily removed.

There are quite a few socio-economic research papers going on. Analysis of Family Consumption Expenditures Related to Selected Farm Business Physical and Financial Variables is "to identify consumption expenditures, to determine factors influencing these ... and to assess their effect on farm business." Effect of Changing Technology on the Structure of Family Grain Farms in Alberta ... Another interesting one is Performance of the Rapeseed Futures Market "to examine how price change/risk is reduced by hedging strategies; to evaluate relationships between rapeseed futures prices, soybean futures prices, and cash prices for canola."

An Economic Evaluation of Tillage Management Systems in the Dark Brown Soil Zone is "to assess economics of various tillage practices." Export Markets for Western Canada Wheat: Trends and Market Mix is "to evaluate international market prospects for non-traditional wheats." Incorporating Barley, Interest Rate and Exchange Rate futures Contracts into the Hedging Program of an Alberta Beef Producer ... Retirement and Farm Transfer is "to analyze retirement and estate planning data to establish trends in disposition of farms."

Another one, Study of Glucose Oxidase and its Use in Preventing Non-Enzymatic Browning in Potato Products is "to examine use of glucose oxidase enzyme to prevent or minimize browning; to develop and test applications." This is one of the problems we have when we're selling potatoes.

Evaluation of the Effects of Non-Meat Ingredients on Functional Properties of Meat Emulsions is "to examine functional properties and least-cost formulations of meat emulsion products."

Development and Testing of Prototype Equipment for the Manufacture of Stuffed Potatoes is "to design, construct and test equipment for production of an artificial 'baked' potato shell; to evaluate consumer acceptance." They have been fairly successful with that. You may wonder why they would want to produce the potato skin when they already have one.

I couldn't find this first word in the dictionary; however, they tell me it's there. Farinaceous Properties of Alberta Cereals and Pulses Subjected to Dry Extrusion: what they want is "to screen cereal and pulse varieties to determine farinaceous properties and optimum processing conditions."

MR. HYLAND: What does it mean?

MR. PENGELLY: I told you I didn't know, Alan.

Yield Differences Between U.S. and Canadian Beef Grades: they want "to investigate differences in lean content of primal cuts." The End Use of Canadian Wheat and its Relationship to the Grading System is "to determine relationship between quality factors used in grading and those desired by importers; to assess relationship between quality factors and price."

If the hon. member for Athabasca-Lac La Biche would like a few dozen more of these, I'd be happy to give them to him when the session is over. Thank you very much.

MR. DEPUTY CHAIRMAN: Are you ready for the vote?

SOME HON. MEMBERS: Question.

MR. CHUMIR: I have one very brief question. It's one which would cover all three votes; it's a conceptual one. I was wondering by what process or principle it is determined that this vote 1 expenditure through the Agricultural Research Council shall come from the capital projects division of the Heritage Savings Trust Fund as opposed to falling within the normal expenditure of the Department of Agriculture. I assume that's a question that would relate to all of the expenditure of the heritage trust fund, but is there a matter of principle which determines that, or is it an ad hoc decision?

MRS. CRIPPS: Mr. Chairman, I'll answer that. If I could refer the member to the Heritage Savings Trust Fund discussion we had with Premier Lougheed last year in his final appearance before the Alberta Heritage Savings Trust Fund select committee, you will find that he went into the history of the Alberta Heritage Savings Trust Fund and how it was developed and how the separate divisions of the Heritage Savings Trust Fund investments were set up; for instance, the Canadian investment division, the Alberta investment division, and the capital projects division.

The capital projects division was a division that was set up whereby we knew that the return on the funding to the people of Alberta would be in a form different from investment returns; i.e., in the research division there will be millions and hopefully billions of dollars. If I can take one example, if the nitrogen fixation of cereal grains project ever becomes effective enough and efficient enough for utilization in the agricultural industry, the return to agriculture will be in the millions of dollars.

The Heritage Savings Trust Fund is set up in separate areas of investment. We're looking here at the capital projects investments. The area your colleague wanted to question was the Alberta investment division. That division is brought before the Heritage Savings Trust Fund select committee. I believe he's a member of it.

MR. CHUMIR: I was not in fact harking back to the earlier comments of the hon. Member for Calgary Mountain View. The hon. minister has very adequately explained the difference between the capital projects division and the investment division. However, I still am not sure that my question was understood. I was trying to differentiate why a project is in the capital investments division of the heritage fund as opposed to being an expenditure of the Department of Agriculture. For example, the philosophy and arguments the minister gave with respect to the long-term benefits might presumably relate as well to the Alberta horticultural research centre, which I understand is directly covered within

the Department of Agriculture. What I'm wondering is how you determine if an expenditure is within the Department of Agriculture as opposed to being tossed into the capital projects division of the heritage trust fund. Is it a matter of principle? Is there a rule, or is it just a decision that it should be done, without any guidelines?

MR. ELZINGA: Prior to answering the hon. member's question — I thank him for raising it — since he was late coming to the House, I should share with him that we dealt with it in an indirect way prior to his entry. We hope to further co-ordinate all research activity under an agricultural development institute, so we do have a co-ordinated attack to all of our research as it relates to the agricultural sector. I should point out to him that what comes from the heritage trust fund is supplementary to what we have within our own department. As the hon. member is aware, we face certain budgetary restrictions within our departmental spending, and this is supplementary to those spendings.

MRS. CRIPPS: Mr. Chairman, I might add that most of these votes in the total Heritage Savings Trust Fund capital projects division are a result of deliberations within the Heritage Savings Trust Fund committee and recommendations made to that division.

MR. HYLAND: Mr. Chairman, I'll briefly make some comments on the hon. Member for Calgary Buffalo's comments. The money from the trust fund for agricultural research is administered by a board. I think the important thing to remember is that it can be applied for by any variety of people, whether on-farm demonstrations, universities, even Agriculture Canada. Even some of the provincial agricultural operations apply for special research on special projects. It's an extra.

Agreed to:

Total Vote 1 — Farming for the Future \$5,000,000

2 — Food Processing Development Centre

MR. ELZINGA: As with vote 1, Mr. Chairman, I have a few brief remarks I'd like to share with the Chamber. Again, I'll be very brief as it relates to vote 2 under the capital fund of the heritage trust fund Act. As hon. members can see, there is a slight decrease in this year's estimates as compared to last year's, whereby we're budgeting \$905,000 as compared to \$1,365,000 last year.

As I'm sure hon. members are aware, the Food Processing Development Centre is located in Leduc. It's a research and development facility committed to the advancement of food processing in Alberta. I know that's something very dear to the heart of the hon. Member for Westlock-Sturgeon. It was officially opened in December 1984. The centre was originally approved by the Legislature in the fiscal year '81-82. The \$905,000 included in the '86-87 estimates of the heritage fund's capital projects division is to be used to complete the equipping of the centre itself. The centre provides access to pilot-scale equipment, allowing firms to simulate full-scale processing of meat, dairy products, oil seeds, and prepared foods. Mr. Chairman, by helping it develop the most appropriate products and processes, the centre is enabling our food industry to become more competitive in the provincial, national, and international marketplaces. The centre itself currently employs a total of eight professional and support personnel. Since the official

opening of the facility, these staff have handled more than 1,000 requests for technical information and assistance from the small business and corporate sectors.

Mr. Chairman, as I did with the previous vote, I'm more than happy to go into a detailed explanation of all the good work that has taken place at the Leduc centre itself, but rather than go into a detailed explanation and take the time of the Chamber, I'm more than happy, along with my colleague the associate minister, to respond to any questions or concerns hon. members might have.

MR. HYLAND: Mr. Chairman, a few comments relating to the food processing centre. In discussion with some individuals involved in the food processing industry and the Better Buy Alberta push that has been talked about in this House, especially in question period recently, the concern expressed was: this facility is very well equipped and we look forward to additional equipment, but are we going to have a facility with equipment without having the trained people to run that equipment and to assist in developing and testing new products? Are we considering cutting back on staff, or are we increasing staff? Just what is the proposed staff complement for that facility? I think that was their main concern. It's there, and it needs to be staffed with the right people with the right expertise so they can obtain the maximum out of that facility.

MR. FOX: Mr. Chairman, I have a few questions for the minister on vote 2, the Food Processing Development Centre in Leduc. I too think this is a very worthwhile development. It's important that we try and work toward value-added kinds of projects in agriculture: secondary processing and marketing. It's my hope that this centre will prove to be very useful in that regard, to help small business in Alberta develop methods of processing our agricultural products to create new products for which we can find markets and try to strengthen the agricultural sector.

It might be instructive if the minister were to give us some indication of the types of projects that were funded so that we can get some insights as to the scope and focus of these. But in a more general sense, are a few large projects being funded, or are there several small projects? Have there been requests for funding from a variety of companies, or is it a handful of companies that have learned how to apply for and use the resources of the Food Processing Development Centre? The reason I ask, without knowing these answers, is that I'm sure the minister would agree that our aim should be to develop as diverse a food processing industry as possible in the province.

As I mentioned to members during my maiden speech in this Legislature, the food processing industry in the Vegreville constituency is widespread and extensive, processing meat in a variety of ways, eggs, mustard, and honey. There's even a fellow making baking powder. There is an unlimited variety of food processing projects that people could get into and develop. I share the minister's hope that this centre would help facilitate that sort of project. Again, just trying to get some indication of the size and number of projects, are the applications limited to a handful of companies or are they fairly widespread throughout the industry?

MR. HAWKESWORTH: Mr. Chairman, these questions may follow quite logically from the questions just asked by my hon. colleague from Vegreville. As I asked with vote 1, it has to do with how this expenditure in vote 2, Food

Processing Developing Centre, relates to other funding in the Agriculture department. I note that in vote 3 of this year's estimates for the Agriculture department, this Legislature has approved nearly \$700,000 for the Food Processing Development Centre. I'm wondering if the minister would take a moment or two to explain how the spending in these two different estimates compares to each other and meshes with each other.

Thank you, Mr. Chairman.

MR. TAYLOR: Mr. Chairman, I commend the minister for this type of organization. Certainly the whole field of processing food and moving food to market is one that's moving a lot faster in some respects than many of the things in commerce. I was intrigued by the Member for Wainwright, I think it was, talking about dehydrating melons and then adding water so that they grow to 50 times the size or something. I'm sure many of the voters of Alberta wish they could do that with their MLAs.

When it comes to this particular area of research, one of the things I want to underscore or emphasize, like the representative for Vegreville, is that I think it's very important to make sure that a portion of the work of this project is set aside for the small market garden producer. I feel we often have a tendency, regardless of political faith or government, to concentrate on the glitzy items that involve millions and millions and the large producers and forget that some of the small concepts of the small farmers and the small agricultural producers can in the long run be as rewarding as many of the big projects. It would be nice to see that the money is shared out fairly reasonably about big, grand projects versus small market gardens.

Secondly, maybe the minister would care to comment. I'm not sure if he's aware, but throughout America and western Europe there is an almost anti-modern-farm lobby building up that is based on the fact that there may be a tie-in to cancer and many modern diseases from the huge amounts of chemicals we're using for both growth and insecticides in our food chain. Others argue that the doctors are just getting good enough to find it or that our food is so good that people are living long enough so that they succumb to these diseases. Nevertheless, the thinking of one of the groups that is now coming out of some of our modern universities is to try to tag the farmer with being at fault with the huge amount of agricultural products he's put onto the market by the use of chemicals and insecticides to get growth.

To that extent I want to ask you whether any orientation is being done or any thought being given, if not in this particular vote maybe in some other place in Agriculture, to try to analyze and research whether or not the amount of fertilizer, chemical, or insecticide is measured in the final product that's given to market and, whether measured or not, methods to go about taking it out before it is marketed to the community.

MR. ELZINGA: Mr. Chairman, in responding to the excellent presentations made, I'll go through them in much the same way they have been presented.

The hon. Member for Cypress-Redcliff is curious about whether we are going to have trained people and adequate staff resources to run the facility. I can assure him that that is a concern of ours. I'm more than happy to share with him some of the projections we have. Over the coming years there is going to be allocation of funding for increased staff resources so that we can take advantage of the worth-

while work that takes place there. I should point out to him too — and it relates somewhat to the hon. Member for Calgary Mountain View — that spending within the department and within this vote ... As the hon. member is aware, this vote deals mainly with construction costs and equipment. Operational and staff costs come from our General Revenue Fund.

I should share with him also that under the previous votes dealing with our estimates, and we dealt with that in some detail, we have the Alberta Food Processors Association that receives funding. We have a number of Better Buy Alberta promotional programs that receive funding. Government support has come in the way of annual grants, special project funding, and manpower for the strategy for improved market share and the rural agricultural product promotion programs, which are two very successful programs within the province of Alberta to further the purchasing of our Alberta projects.

The hon. Member for Vegreville asked for the number of projects. In my opening remarks I indicated that since the official opening of the facility, the staff have handled more than 1,000 requests for technical information and assistance from the small business and corporate sector. I'm more than happy to deal with that in a detailed way if he wishes me to, and I can give him a number of selected examples. It might take me a moment, but some selected examples of product development activities include the development of specialized dairy desserts and flavoured ice-cream products, with assistance provided to clients in areas of flavour, ingredient, functionality, and process optimization. Examples include low-calorie ice cream, premium and gourmet ice cream formulation, and flavoured speciality cheese.

The development and elucidation of parameters associated with the manufacture of a vegetable juice product; pilot plant demonstration and precommercial production refinements were addressed. Laboratory product testing and performance of a licorice product were initiated to assist a local processor. An innovative membrane technology applicable to dairy products was demonstrated utilizing specialized pilot plant facilities. We assisted a local individual in the development of a Mediterranean-style ethnic food product. I can go on. I can share with him some examples of the pilot plant operations and activities, which included the meat processing section's assisting in a sensory evaluation of boned and rolled lamb products and assisting a local supplier in the evaluation of functional characteristics and product applications associated with an innovative process technology of crumb production. We've got quite an assorted network of areas that they have been involved. As I mentioned earlier to hon. members, I'm more than happy to submit full details of all those projects in publications that are public.

In responding to the hon. Member for Westlock-Sturgeon — and I stand to be corrected on this — I believe that in vote 1 there is some research related to the effect that insecticides and chemicals have. As the hon. member is also aware, when we announced our special program to help offset the detrimental impact of the grasshoppers in southern Alberta, we also included in that a number of studies related to the impact that chemicals and insecticides have on our environment and on human concerns.

MR. FOX: Could I ask just one more question of the minister, Mr. Chairman? I can see by the list that a wide range of projects is funded, and I think that's really healthy. I was also wondering if we are getting applications from

a number of different small business interests, or are they from a relatively small number of applicants? I guess what I'm leading up to is: is there a need to better advertise the services and function of this facility so that people in Alberta have a better understanding of its existence and purpose?

MR. ELZINGA: Mr. Chairman, I don't have a specific breakdown of applicants. I'll see to it that the hon. member gets that information. I can indicate to him and to members of the Chamber, though, that just this morning, as I mentioned in the earlier vote, I had discussions with a chap looking to further process wheat within the province of Alberta who has used the Leduc centre for some very worthwhile work. We will endeavour to get a breakdown. It's my understanding that there have been a good number of applicants, but I'll get the specific figures to the hon. Member for Vegreville.

MRS. CRIPPS: Mr. Chairman, maybe I could briefly add to that. When we met with the Alberta Food Processors Association the other night, they indicated that a lot of their members are taking part in the research centre and that they're endeavouring to get a larger market share in Alberta and across Canada. They hope to be able to use that facility to test products and to develop small quantities of products to test on the market, which they couldn't possibly afford to do themselves. My understanding is that they have about 600 members across the province, and that's increasing every day. All of their members are utilizing the Alberta Food Processors Association or getting information from them in order to access the facility and other government programs.

SOME HON. MEMBERS: Question.

MR. DEPUTY CHAIRMAN: Are you ready for the question?

Agreed to:

Total Vote 2 — Food Processing Development Centre	\$905,000
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3 — Irrigation Rehabilitation and Expansion

MR. ELZINGA: In speaking to vote 3, Mr. Chairman, I should indicate at the outset, as I briefly indicated when we started to deal with our votes, that I'm going to rely upon the expertise of the hon. Member for Chinook in helping me respond in a detailed way to members who have questions relating to the irrigation rehabilitation and expansion program, acknowledging the superb contribution the hon. Member for Chinook has made in this area.

As hon. members can see, the amount to be voted is consistent with the amount we had in our comparable estimates in 1985-86. When you look at a breakdown as it relates to support services, assistance, grants, and supply and services, it's again consistent with what it was last year. Rather than go into a lengthy dialogue as to what this program does, I'm just going to briefly mention that the program was first announced in 1975. It was implemented in 1976, and it's very active in assisting the province's 13 active irrigation districts.

Mr. Chairman, in addition to rehabilitation work, there are research projects to evaluate new delivery system materials for irrigation techniques. This question was asked in vote 1 by the hon. Member for Edmonton Glengarry. It's

worth while to note that there was a total funding commitment in 1975 of some \$90 million. The program was revised in 1980 and was given a new \$100 million mandate, which ran until the physical year '84-85. This was further extended in October 1984 when the government announced a third term for the program with funding of \$150 million over a five-year period beginning April 1, 1985. I look forward to dealing with any specific questions or concerns, but I just alert the House to the fact that since the hon. Member for Chinook does have superb expertise in this area, we're going to leave the technical aspects to my hon. colleague.

Let me indicate that when we review the 1986-87 estimates, we find that the programs budget is at \$30 million, as I indicated earlier, which represents no change from last year's funding level. Of this total, most of an estimated \$29.8 million has already been distributed to the irrigation districts, and the remaining \$200,000 has been allocated for research projects. Since it was raised earlier, just to underscore the research projects, research projects and progress in the current physical year include monitoring of solonetzic soils, a shell bedrock study, and a water study.

With those few brief remarks, Mr. Chairman, we look forward to speedy passage of vote 3.

MR. YOUNIE: Although the minister's comments were brief, they sufficiently answered the two questions I had. Thank you.

SOME HON. MEMBERS: Question.

MR. FOX: If you'd like to question me, go ahead. I'm sure I could do a credible job of answering.

Just a few questions to the minister on vote 3, the irrigation rehabilitation and expansion program. As we know, the provincial government has traditionally funded 86 percent of the cost of irrigation in the southern part of the province, with the irrigation districts themselves contributing 14 percent of the cost. I'd like to contrast that with money spent in other parts of the province where the problem is too much water rather than not enough. I'm talking about water drainage projects. The traditional breakdown on cost sharing there was 60 percent provincial and 40 percent local funds, and I gather that's since been changed so that the province funds 75 percent of legitimate water drainage projects and the sponsoring agency comes up with the remaining 25 percent. I'd like to ask the minister what consideration he would give to making the funding provisions for water drainage projects in the northern part of the province on a basis similar to the irrigation funds in the south; that is, on a 86/14 kind of split. I'm emphasizing the need for an overall comprehensive water management program that would be in place to help people who need to drain water from some parcels of land without interfering with other people's management of their property. It seems to me that if we had some sort of comprehensive program that worked toward this, it would be beneficial.

Mr. Chairman, I'm wondering too about subprojects in section 2. In vote 3, assistance to irrigation districts, of the \$29.8 million allocated, can the minister tell us how much is for relining or repairing existing irrigation projects or ditches and how much is directed toward the construction of new projects so that we can get some idea of how that breakdown occurs?

MR. PIQUETTE: I'll try to be brief. The Member for Vegreville indicated a couple of things that I was going to

say. There's no doubt that one of the aspects in northern Alberta that I've been getting a lot of phone calls about is the drainage problems they have in terms of expanding some of the agricultural land. It is a lot cheaper to drain than to irrigate when you start looking at the cost/benefit aspect. So I would agree with the Member for Vegreville. I think the way the funding program is set up tends to mainly benefit the farmers in southern Alberta or in the dry belt. I believe there should be a fund, which should be 50/50, for addressing some of the drainage problems of northern Alberta.

Before I got involved in politics, I recall that I made an application. A lot of my bottom land is under water for part of the year. I made an application through my municipality to get funding for drainage, and they indicated that there was no funding available at that time. I have a friend who is farming in the Medicine Hat area. He indicated that 85 or 86 percent is funded by this project. So definitely some preferential treatment exists between the two areas.

The other aspect I would like to point out is that I find it very curious that we are talking about a depressed market, a surplus of products on the world market, and we are going ahead more and more with the irrigation aspect in Alberta. In my opinion a lot of this Alberta heritage fund money could be directed to the research aspect and the food processing development centres and the other question in vote 1 that I indicated. We seem to have quite a priority in irrigation, which does not create markets but basically creates more products. At this time I think the Alberta heritage fund might be better spent addressing the whole issue of marketing, processing, and finding new markets and products rather than irrigation. That's not to say that I'm against the irrigation project, but I think that when you look at the total money spent in Agriculture, it's a one-way street that favours the irrigation projects, supports the districts as opposed to much more worthwhile projects in research, development, and marketing.

Those were the two comments that I wanted to make to the minister.

MR. DROBOT: In reference to the money spent in different parts of the province, Mr. Chairman, a news release of August 18:

Farmers and home gardeners waging the annual war against weeds will have another ally following the appointment of a scientist at the Alberta Environment Centre in Vegreville.

These services, which are available free to the public, provide information on the identification, control, edibility and toxicity of weeds. [There will also be an] emphasis on life cycles of weeds, weed seed germination, dormancy, [et cetera].

Mr. Chairman, in view of the time, I move that we call the question.

MR. WRIGHT: A very brief question on vote 3. What safeguards does the government apply to its grant for the improvement and rehabilitation of irrigation systems to deal with the abiding long-term irrigation problem of raising salts to the surface and therefore putting formerly productive land out of production or impairing its productiveness, which of course entails proper lining of the canals and probably the use of sprinkler systems rather than the older way?

MR. TAYLOR: Just to add a couple more questions; I'll try to be brief. What systems are they mostly using for

seepage control? Is it soil cement or plastic lining? Just what types are being used? I'd be interested in that.

Also, for more water conservation is any thought being made to control users of the water a bit; in other words, sprinkling in the evening instead of the middle hot part of the day? Metering is a very dirty word when you get down to the irrigation area. Unlike some of my other friends who have said that they question the amount of money invested in irrigation versus the farmers in the north, I would take some difference with them. Without this degenerating into a debate on whether or not to spend good money for irrigation, I believe the point to be remembered is that water always gets used. If the farmer doesn't use it on the land, it'll be used by industry or in some other area. You can never get it back. Once people get used to using water, whether it's a population using it to flush toilets or for manufacturing, whether it's oil people using it to make chemicals or to recover oil, it does get used. I can't think of a higher end use for water than creating food.

The possibility may well lie — not because there's any fault — not in whether we are spending money to put water on the land so much as (a) we are maybe not doing it efficiently, and (b) maybe our transportation and processing services haven't yet developed to the extent I'm hoping they will under this minister's leadership. But if they get developed to the extent that they could take away and market what is possible to raise by putting water on this land, it would suddenly become evident how much value can be created. Part of the problem is that now the land is used for pasture, hay, and everything else. That's not the highest end use, but that's not the farmer's fault. That's the fault of not being able to get more stuff to market.

MR. ELZINGA: Mr. Chairman, as I indicated in my opening remarks, I'm going to rely on the expertise of the hon. Member for Chinook to respond in a detailed way to a number of the questions that have been raised. But let me indicate as we are coming to a close on this third vote my deep appreciation to all members present for their informed questions, for the good debate we had as it relates to these three very important votes dealing with Agriculture and leave them with the assurance too — a number of members, the Member for Athabasca-Lac La Biche, the Member for Edmonton Glengarry, the Member for Vegreville, and the Member for Cypress-Redcliff have asked for some detailed information. That will be forthcoming; we shall put it together.

I wouldn't like it to go unnoticed and I point out to the hon. Member for Vegreville that the drainage formula is the same as he's indicated. It is 86/14. Under the Environment minister it has already been moved to fund projects on the 86/14 percentage level, and we within the Department of Agriculture are going to be looking at our cost-sharing formula with the ag service boards this winter. But we have to bear in mind also that in the event the formula changes, it will mean that there will be fewer projects getting completed. So we are going to do a complete analysis prior to committing ourselves within the Department of Agriculture.

I thank you, Mr. Chairman, and I thank the members of this Legislative Assembly, and we look forward to hearing a detailed response from the hon. Member for Chinook.

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

[Motion carried]

[Mr. Speaker in the Chair]

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

MR. SPEAKER: Having heard the report and the request for leave to sit again, does the Assembly agree?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried.

[The House recessed at 5:31 p.m. and resumed at 8:00 p.m.]

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

**Bill 8
Department of
Community and Occupational Health Act**

MR. DINNING: Mr. Speaker, it's a pleasure for me to move second reading of Bill 8, the Department of Community and Occupational Health Act.

Mr. Speaker, I don't intend to make any remarks, given that I believe I went into the purpose and the *raison d'être* of the department at great length during the debate of my estimates before the Committee of Supply on July 31. So I would merely move second reading of the Bill.

[Motion carried; Bill 8 read a second time]

**Bill 21
Petroleum Marketing Statutes
Amendment Act, 1986**

DR. WEBBER: Mr. Speaker, I move second reading of Bill 21, the Petroleum Marketing Statutes Amendment Act, 1986.

Mr. Speaker, this Bill amends the Mines and Minerals Act and the Petroleum Marketing Act in order to put into effect the Alberta Petroleum Marketing Commission's new role under crude oil deregulation, as was agreed to in the western energy accord and more specifically as it relates to section 1(7) of that accord:

7. Consistent with the spirit of deregulation, the Alberta Petroleum Marketing Commission will cease to act as the exclusive agent for the marketing of the Crown lessees' share of crude oil and pentanes and will, in its role as buyer and seller of oil in Alberta, be in competition with buyers and sellers of oil in the private sector.

Prior to deregulation, Mr. Speaker, all crude oil produced in Alberta was delivered to the commission. Under deregulation only the crude oil component of the Crown's royalty share is required to be delivered to the Petroleum Marketing Commission. The lessee is free to make arrangements for

the marketing of his share and has the option of selling through the commission if he so chooses.

Mr. Speaker, in order for us to get on with the job after the signing of the Western Accord, these changes were made by regulation as of June 1, 1985, the effective date of crude oil deregulation. Those are the main principles of Bill 21.

MR. PASHAK: Mr. Speaker, I find it incredible that a Bill such as this and the accompanying Bills that will be coming down later are presented to this House with so little explanation. I think they're incredibly significant pieces of legislation that will have a profound effect not just on the oil companies that operate here in Alberta but on the people of the province as a whole.

In looking at these Bills, both in detail and in terms of their general principle, we see some incredible shortcomings, not just in the legislation itself but in the whole Western Accord. To explain that, to get at the principle of this, maybe we have to go back a little bit into history, because these Bills have their genesis in the Western Accord. Of course, the Western Accord evolved out of the national energy program, and I suppose before that we could go back to the creation of Petro-Canada. [interjection] Too far back for you?

I'd like to point out to this Assembly that it was actually the New Democratic Party that insisted on the formation of Petro-Canada, and we're proud of that. [interjections] We really felt that Canada should have a national oil company at that time, and this is very important to understanding these Bills before us today, because they're going to reverse ... [interjections]

MR. SPEAKER: The Chair respectfully reminds all members that we're debating second reading of this particular Bill, and the Chair, plus all members of the Assembly, are much more interested in the comments being presented by the Member for Calgary Forest Lawn than all the heckling and interjection, which is leading the member a touch astray.

MR. PASHAK: Thank you, Mr. Speaker, but I think it's essential to put Bill 21 into context. I think it is important to go back and look at some of the objectives that were important in the 1970s. At that time, about 90 percent of the oil industry, depending on which sector of the oil industry you are looking at, was owned by foreign multinational corporations. During the 1970s governments did make a concerted effort to try to reverse these trends. The operation of Petro-Canada was essential for this purpose, to provide more of a Canadian component to the oil industry, and there are good reasons for that. Petro-Canada could be seen as a company that would help small oil companies. I say it's relevant, because I'm going to show these measures we're looking at today are virtually going to destroy the Canadian sector of the oil industry.

When the national energy program came along, we supported some aspects of it. It's true; we always supported the Canadianization aspects of what the national energy program stood for at the time. I read into the record, and although the Premier may disagree with me, the record shows that on many occasions we spoke out against things like the PGRT, petroleum incentive programs that discriminated against Alberta, and measures like that. Essentially, though, the base of our position is that we wanted to see a Canadian oil industry.

What do we see in Bill 21? What does it actually provide for? What are the implications of Bill 21? First of all, it means the end of prorationing. What does this mean for the small independent Canadian oil company? It means that he will no longer have any kind of assurance that his oil will get to refineries and that he can market it. With prorationing, the amount of oil you could take to the refinery was dependent on your reserve position, but this is no longer the case. Bill 21 changes the role of the Alberta Petroleum Marketing Commission, as was pointed out by the minister. It tied in with the changes to prorationing. Now that means the companies that will be able to take their oil to the refineries are those companies that can get their oil at the lowest possible rates. Those companies are the older companies, the multinationals that have been in existence for a long time. They essentially discovered their oil at a lot lower cost than it is being discovered at today.

MR. PIQUETTE: Three or four dollars a barrel.

MR. PASHAK: Well, that's true. Back around 1974 oil sold for about \$3.50 a barrel, and that's when the big oil companies discovered much of their oil. So in this kind of marketing situation, there's no way that Canadian companies could compete with the big American multinationals.

It's my view that the end of prorationing will further compound the problems we've already seen and that the small independent Canadian oil companies are having. They're running into incredible cash flow problems, and I think it's reflected in the extent to which the government's announced \$200 million support program was not taken up by the industry. Canadian companies were simply in no position to take advantage of that situation and engage in drilling activity. With these changes contemplated in Bill 21, their position will be even further weakened. So I guess my question to the minister is: is it the government's intention to destroy the Canadian segment of the oil industry? I certainly think that's what he's going about doing.

The next concern I have is with the change to the Petroleum Marketing Commission. It no longer just has an Alberta mandate. All references to operating within Alberta have been taken out of the proposed Act. In compliance with the Western Accord the minister keeps referring to, this means the Alberta Petroleum Marketing Commission will become just like any other oil broker in the business. Its primary function will not be to protect the interests of Alberta oil producers. In fact, it could begin to enter into operations in Saskatchewan or globally. At least, that's how I read the Act. By permitting the Alberta Petroleum Marketing Commission to expand its scope outside Alberta, there's now no guarantee that the Alberta Petroleum Marketing Commission will operate in the best interests of Albertans.

In a way we see that this is a similar problem to the way Petro-Canada is operating today. When we encouraged the formation of Petro-Canada, we saw it as a company that would facilitate independent, privately-owned Canadian companies to operate. But under guidelines that have been given by the current Conservative government, it's not operating that way. It's just operating as any other multinational, and as we've seen on many occasions in this course here in the Chamber, it's not providing a refinery service at a fair price to Alberta or Canadian oil producers. We have a fear that the Alberta Petroleum Marketing Commission is being given similar sets of guidelines.

The Alberta Petroleum Marketing Commission was created in part to ensure that the small Alberta producers had equal access to the markets. As I've pointed out, with the elimination of prorationing, this guarantee doesn't exist. Another concern with respect to the Alberta Petroleum Marketing Commission is that it formerly had its own budget. It was paid for out of general revenues of the province. As I understand, one of the changes in the Act would be to have the operation of the Petroleum Marketing Commission deducted from the general revenues that would be received from the sale of nonrenewable resources. My question then to the minister is: will the budget from the General Revenue Fund be reduced or eliminated?

In conclusion, I'd just like to say this proposed Act by itself and in conjunction with the other three Bills that were introduced at the same time would have to be examined quite carefully by all people of this province. I think they will lead to what I've already suggested, which is the virtual destruction of the Canadian segment of the oil industry in this country.

MR. TAYLOR: Mr. Speaker, to the issue at point, I agree very much with the hon. Member for Calgary Forest Lawn. I'm not so sure the minister wouldn't either if he had kept up with the issues of the Bills. Certainly if the last week has not taught him a lesson, I don't know what would. I think if he were to reflect on what's happened with the PGRT and after the possible threats from Ottawa, he would realize that putting this in place has really in effect given a club to Ottawa.

For that I'll go back a bit in history, maybe even further than the Member for Calgary Forest Lawn, because I have more gray hairs. But the fact of the matter is, Mr. Speaker, that when it comes to marketing crude oil, in the United States in the 1920s Henry L. Doherty, with a company called Cities Service Oil, was the first one to take, at least in English-speaking schools, the idea of proration or at least controlling the market. At that time, it was viewed, much as the Tories do today, as an interference with the free market.

But the excuse for prorationing and the orderly sale of oil and gas was twofold. One was that if you took your oil and gas out at the rate it should be taken, slow and steady, you would recover two, three, and four times as much from a reservoir than if you allowed people to produce it as they will. In other words, sucking the oil too fast either brought in the gas cap or the water table. The second reason was the law of capture, which was pretty well followed throughout the western world. The oil which comes out from your well bore is presumed to be your oil. Obviously, if you can produce your well at three times the rate of the guy across the fence, it's because you have a market or you're selling your oil cheaper. For whatever reason it is, you're going to suck some of his oil in and in effect be selling his oil.

It became fairly obvious very early in the game. It doesn't seem as if the minister has had this type of advice. When you differentially produce any gas or oil well, in time you are in effect going to be sucking out oil or gas that isn't yours. To complicate the issue here in Alberta, where we have interspersed amongst our ownership government-owned royalties or sometimes privately-owned royalties or railroad-owned royalties in the same pool, you get very much of a dilemma indeed. What I would submit from a technical point of view is that the withdrawal of marketing or prorationing starts this very act in motion.

Back in the 1920s the oil industry found they had to go together and fight out in the Supreme Court of the United States, which we later adopted when our oil industry got under way here in the '30s and then in the '40s and '50s.

Even more important, Mr. Speaker, is another issue that's involved here. That is that the Alberta Petroleum Marketing Commission — I would digress for a minute to talk about the national energy policy, but I think that takes too long to explain to the people ...

MR. SPEAKER: Order, hon. member. The Chair apologizes to the Member for Westlock-Sturgeon, but an hon. member is out of place in the Assembly. That job should be done by a page, hon. member. Member for Westlock-Sturgeon, please continue.

MR. TAYLOR: I would submit, Mr. Speaker, that in a given time, the national energy program is probably the best thing that has ever happened to Alberta. It was a very good act indeed. The troglodytes and flat-earth people that would try to get you to believe otherwise have obviously not gone through it. When you did get rid of the policy, of all the damn things you did, the government sat there, kept the PGRT, and threw out the base price. That really has to be shooting yourself in the foot. But they've continued along that same pattern, so I've come to expect that when it comes to oil management.

Let's look back at the Alberta Petroleum Marketing Commission. It was put in place primarily because the refiners, as they are doing today — but they were Chicago refiners; they were not Canadian refiners — were buying our crude for about \$2 less a barrel than what they were paying for west Texas crude delivered in the Chicago refineries. The Premier of the day quite rightfully decided there was a little bit too much hanky-panky going on between the producers and the Chicago refiners. While he was thinking about it, the federal government moved in quick as a flash and put on an export tax. The lesson was driven home to us that at any minute the federal government would not stand aside if the marketing of oil was not done in an orderly way. They would step in, and they indeed put the export tax on.

I submit the same type of thing is looming on the horizon today. Although they wear blue and orange underwear in Ottawa, they still have the same tendencies to grab what may rightfully be the western provinces'. One of the things that comes up is the whole question of marketing oil and gas. The minister has quite rightfully noted, a bit belatedly and maybe after being jogged by the opposition for a month, that oil was going to refiners in Canada for less than market price.

Of course, this is all the more galling if you're a real, true-blue, western Tory, because not only was Petro-Canada one of the six major refineries, but their Tory cousins sat down and made it much worse than even the most rank, wild-eyed, pink-oriented Liberal would think of. That is, they sold one of the few Canadian oil companies to Petro-Canada, removing the competition in the sector. Where we had refiners from both Gulf and Petro-Canada competing in the past, we now have them rolled into one company. The Tories can take a lot of credit for shooting themselves in the foot and reducing the amount of competition for those buying our crude to only five major refiners and a few ancillary ones.

It becomes very obvious then — and the minister has touched on it — that something has to be done besides

sweet-talking the five refiners into paying a fair price for Alberta crude. If he really thinks that getting up here and saying something in the Legislature and maybe calling a meeting at the Petroleum Club and suggesting to those five refiners that they pay more for Alberta crude will in fact result in fair prices for Alberta crude, he truly does believe in the tooth fairy and the Easter bunny.

I would suggest that the minister withdraw this Bill and do some heavy thinking on it, because the Alberta Petroleum Marketing Commission, the old system set up by former Premier Lougheed to make sure the Chicago refiners didn't exploit the producers of Alberta, is the very same instrument you need today, with the sole authority of buying and to set up and thwart the refiners that now live in eastern Canada instead of in Chicago. I submit that the minister should think it through very carefully, go back to his old tried and true Tory policy, and withdraw this Bill.

MR. PIQUETTE: I rise to speak against Bill 21, mainly because I feel the government is showing a real lack of leadership and confidence in the whole history of the Alberta marketing commission, which has nobly served the province of Alberta over the last 20-odd years. When we go back and look at this moment in the history of the Alberta Legislature, I think we are going to be looking at the whole disintegration of the small Alberta producers who fought so gallantly to develop an ownership position in the province of Alberta.

By this Bill tonight we're basically selling our total Canadian component. I feel very strongly about that, because I can remember when the NEP was very strongly fought by the Conservatives back in 1981-82. We had a tremendous shock, which came across the whole province of Alberta because of the fact that we had the federal government intruding in terms of the taxation power of this province. But at least one thing was good about the old NEP. It at least allowed the small producers to have a fair share in terms of competing in the marketplace in the United States and the rest of Canada.

Looking at this Bill, I would suggest that it's been written not by the small producers of Alberta but by the big multinational companies, because it's totally in their favour that this Bill has been written. When I speak to my friends in the small oil business sector in the province of Alberta, I haven't heard too many companies indicating they're in favour of total deregulation in the marketing aspect. I think the demonstration last week at the Legislature indicated that a lot of the small producers lack confidence in the leadership of this government. I would say that unless we get back to making sure that in a tough economy like today we retain at least a sense of control over the market share the small producer has had in the past — we must not allow our share of the marketing to be dictated again by a few of the multinational companies, because they are not the job creators in this province. The small producers have been the job creators. They're the ones who created the sense of competition in the oil and gas industry in this province.

What are we doing in terms of saying thank you to the small Alberta-based oil companies for the 20 or 30 years they've been vigorously pursuing exploration in Alberta? We're basically sending them down the tube. I can guarantee you one thing. As this deregulation continues in the province of Alberta, you're going to find that more and more of our small oil and gas companies who found oil at a fairly high price will not be able to compete against the multi-

national companies who found oil when the price was very low and all the regulations were in their favour.

I think the government is really missing the boat in Bill 21. It is not a Bill for this time and age. It is a time when we should be protecting our small oil producers to make sure they have equal access to the markets, internationally, in Alberta, and elsewhere. I can't see how this Bill will actually do anything for them except give away their fair share. It reminds me to some extent of the same battle the farmers are having today, where we're saying the small producers don't have a say in being able to compete on the world market. If the rules are fair, they do have viability in today's farming economy. I say today that because of this Bill, the small oil and gas companies in the oil industry, companies which have slowly built up their assets, will see their assets destroyed and quickly taken over by the big multinational companies in North America.

When the government tries to address the whole aspect of asking and pleading with the big multinational companies to do the drilling programs they like to have, tell me whether they're going to be able to get very much action from the oil companies. They will take their money and go where they want to, as opposed to the Alberta companies who are faithfully drilling here in this province and developing the resources for Albertans and Canadians.

So I rise tonight because I feel very angry that this kind of Bill would be allowed to be brought up in this House without really taking into account the whole economic impact it will have on the future of Albertans and the future of the Canadianization of the industry. I think we're being totally senseless in the whole aspect of this national energy program. We are reacting against the NEP by taking away the good parts of it and ...

MRS. CRIPPS: There weren't any.

MR. PIQUETTE: Yes, you're destroying the NEP. There are various portions of it that our party was against, but you're throwing the bathwater out with the whole thing. If we have to dismantle the PGRT, let's dismantle it, but let's make sure we safeguard the Alberta companies first and foremost and make sure they have adequate shares in the marketplace. Without that, I can assure you that 10 years from now the oil and gas companies in Alberta will be noncompetitive with the international market. They will be nonexistent, and it will again go back to what it was in the '60s, where the resources of Alberta will be about 90 to 95 percent owned by the big multinational companies in the United States.

I can tell you one thing: when we had that situation, it was not a healthy situation. We had a healthy situation when the Alberta and Canadian firms were able to develop the Nisku Industrial Park because they were expanding and they knew they had a fair share in the marketplace. Now you tell me: even when the prices recover, if they have to fight for a fair share in the marketplace, will they have any sense of confidence in this government that their investment will pay off in the long run? They will be squeezed out.

I can't see any parts of this Bill which guarantee the small producers their fair share in the marketplace and their fair share in the pricing structure. It's wide open again, where the big get bigger and the greedy get greedier. I can tell you one thing: whether we're talking about big governments or big corporations, we need to have legislation to allow small business to survive in this province, and

we're taking away all rights of the small businessman to survive in the province of Alberta.

MR. CHUMIR: Mr. Speaker, I rise to oppose this legislation for reasons similar and occasionally directly in line with those which have already been expressed. This legislation is part of a very disastrous policy to implement the Western Accord. I have spoken earlier in this session on the Western Accord and will not repeat my comments with respect to the very significant defects of that policy. I refer hon. members of the House to my earlier comments.

However, as a framework for my comments on this piece of legislation, I would reiterate that it was a major, major error in policy on behalf of the provincial government which has served this province very, very poorly. It was a policy of total deregulation at the very wrong time. The wrong policy at the wrong time, and the result of the manner in which that policy was implemented was that Alberta's clout and leverage was totally eliminated when we needed it most. That absence of clout is nowhere more evident than in the events of the last week, in which the federal minister of energy indicated that he is going to call his own tune and his own shots and force or even blackmail Alberta into complying with federal will in energy policy. Not only do we not have any leverage or clout, but we unfortunately have no sympathy as well because of poor public relations with the east, which has been contributed to very significantly by actions of the government.

So with this absence of leverage and clout — and I've spoken on that before — we look for whatever little toeholds of strength and position we have remaining to the province of Alberta in these difficult times. The Alberta Petroleum Marketing Commission is one of these very small potential toeholds. By eliminating the role of the Alberta Petroleum Marketing Commission, particularly legislatively, we again reduce the potential clout we have as a province with respect to the pricing of our natural resources.

At the same time as we reduce our provincial clout by this mechanism, we increase the clout of the large companies vis-à-vis the small and medium-sized producers. We've already seen the problems which arise in this regard. These are not only problems of the small and medium-sized companies; they are problems of some of the larger-sized companies, the province of Alberta, and the Treasury of the province of Alberta.

I'm referring to the matter which the hon. Minister of Energy has raised; namely, that producers are receiving some \$3 per barrel less for the price of oil they're selling than they should receive, as a result of an absence of competitive purchasing policies on the part of refiners. The figure that has been thrown around is \$250 million, and that sounds to be a very, very small figure in relation to the fact that this problem is deep-rooted and goes back many, many months, even though the provincial government appears only just recently to have discovered it.

So what can we do about this factor, when you have only three or four large purchasers and many small and medium-sized vendors who are not getting a fair shake? One of the things that can be done is to use the Alberta Petroleum Marketing Commission. The minister has indicated that the Alberta Petroleum Marketing Commission is involved in discussions with the large companies. What if the decision is made that the Alberta Petroleum Marketing Commission should be used to remedy this thing? The answer we have is that just this very session we have eliminated the legislative basis for use of the Petroleum

Marketing Commission. No, we didn't need to do it because we were able to handle the matters through regulations, but it wasn't good enough that we regulated. We had to eliminate the legislative base and render it impossible to remedy this problem. So we have the pricing issue with which we will have difficulty as a result of eliminating the Petroleum Marketing Commission.

Then we have the problem that small producers are having and will continue to have in the future in terms of marketing their petroleum products in the event there is a surplus of those products or there is lack of pipeline capacity. History has shown — right back to the days of John D. Rockefeller, the height of the free-market system in petroleum or natural gas where one man owned everything — that when there are problems in the marketing of energy, the large companies sell their energy and the small and medium-sized companies don't.

These moves tend in the direction of an end to prorationing, but they are not necessarily coincident with prorationing because we can still have the legislative rules requiring prorationing in production. However, the larger companies that we see being buoyed up by the obvious free market and deregulatory tendencies of the government are now in the process of calling for an end to prorationing. We see a drift in a very, very dangerous direction for the survival of the small and medium-sized sector of the oil industry. I strongly urge a reconsideration upon the government.

On top of this, we now have evidence of a renewed potential for confrontation between the Alberta and federal governments, and discussions and suggestions that the federal government will have to be hammered on the head. If this is the type of climate we're going into, why is it that we're going to be eliminating a tool and vehicle to assist and strengthen the provincial strength in this regard in the form of the Alberta Petroleum Marketing Commission? We shouldn't be moving in the direction we're moving, particularly at the present time. It's quite possible we should never be moving in it, but regardless of what the ultimate conclusion should be, this is not the time to be passing this piece of legislation.

MR. McEACHERN: Mr. Speaker, I also rise to speak against Bill 21, because it's basically aimed at continuing the deregulation process. I think the government is moving in the wrong direction at the right time or the right direction at the wrong time or something of that sort. Consider the . . .

AN HON. MEMBER: Or both.

MR. McEACHERN: Or both at the same time. There are a lot of anomalies in this whole thing. For instance, the Premier said he got the agreement of other Premiers that the energy industry was a national problem. That's a very interesting position to take considering that not all that many years ago we were arguing that the Alberta oil industry was not a national problem. We resented very much the Trudeau government's interference in the oil industry — to wit, the national energy program — or at least Conservatives certainly did in its entirety and some of us did in part.

So at that time we argued that no, it's not a national industry. The federal government said that yes, it was. It's a bit like a comic routine where you say: "Yes, it is;" "No, it isn't," until somebody reverses it and says, "No, it isn't," and the other guy switches around and says,

"Yes, it is," and you end up in a rather extraordinary sort of reversal of direction by the province of Alberta.

Now that we're in real trouble with the oil industry, we're saying it's a national problem. No wonder we're not getting a very sympathetic hearing from our eastern fellow Canadians. Even with the Tory government in Alberta and a Tory government in Ottawa, we're still not getting a very sympathetic hearing because, in my view, we fought that battle for so long in such a narrow-minded way. We argued for world prices for oil in this country on an ideological basis. You know the phrase, right to the point of "Let the eastern bastards freeze in the dark," if we had to. We were not prepared to argue that the feds had any right in the oil industry at all. Consequently, we built up a lot of ill will across this country. It's not all on one side or the other. There are a lot of pros and cons on both sides. Nonetheless, while having to suffer the lower prices imposed upon us, we built up no goodwill in eastern Canada from that.

So now when the price goes down, we find ourselves arguing that we need some help for the oil industry, and they are happy to sit back and take the benefit of the lower prices. It's really pretty hard to blame them, particularly when they look across to Alberta and say: "Well, you guys have a \$15 billion heritage trust fund over there. Use some of that if you're in trouble." It's really hard to expect easterners to have much sympathy for us at this time, given the background of where we're going and what we're doing.

One of the things that bothers me about our position now with this whole deregulation thing is that it's based on the assumption that free trade is the right way to go, that the free-market forces are the thing to do. Anybody that isn't blind can see that we're not having free world market conditions. We're really having the aftermath, if you like, of a cartel operating on an international basis. When they were able to and controlled a big enough share of the oil of the world, OPEC pushed the prices up and up and up. Finally, when people learned to live with a little less oil — in other words, a bit of energy conservation — and when companies in Alberta got off the ground and went out and found more oil, and we even had frontier oil being explored and North Sea oil and other countries in the world got into oil production, eventually they couldn't sustain the price. So their reaction has been to flood the market and drive the price down to the point where they will kill all those little companies and all those extra bits of oil that take a little more money to find than what we were getting 10 years ago.

The Canadian Petroleum Association is quite happy to sit back and say, "Well, let the little companies go." They don't really care if the small Alberta indigenous oil industry, the exploration companies, all go bankrupt, because they'll still be here. They can still import cheap oil from Saudi Arabia, and they can refine it here and sell it. They've got the retail end of the industry, so they don't really need to worry about these small Alberta companies that are going bankrupt and that will go bankrupt over the next three or four years. To argue that we should allow that situation to continue to exist on the strength of manipulation by a cartel and calling that free trade is the height of hypocrisy. It's not free trade; it's manipulation of the oil industry in the world by a number of major powers in the oil industry. For us in Canada to leave ourselves at the whim of the booms and busts imposed on us by outside forces and outside countries — and I know we can't ignore those outside forces and international markets entirely, but we do

have a pretty good oil industry base in this country if we chose to nurture it and take care of it. The more it can become Canadian-owned and the more we can shelter ourselves from the booms and busts imposed upon the world by OPEC, the better off we will be.

In the final analysis, I don't understand why the Premier and the Minister of Energy think that continuing with deregulation at this time is going to help anybody in Canada. It's going to merely put us back totally in the control of major multinational corporations that will do as they will over the next number of years, looking after their own interest — and that's what they're for; I'm not knocking them. I'm just saying we are silly to leave ourselves in that kind of a vulnerable position when we don't need to. It's in the small industry and the small exploration companies that the jobs are created, not in the big refining and pipeline and distribution end of the industry. We the customers will always pay the piper on that, but at least we can have some of the small companies finding and exploring and producing oil and have a share of the market. But if you dismantle the marketing board, where are you?

Mr. Speaker, I don't see why the government presses ahead on a suicidal course. It's certainly the wrong time. Had we argued in the past for some quid pro quo in terms of other industries when we had the lower prices forced upon us, that might have been helpful. Had we got the federal government to recognize that then if the situation reversed itself — and surely it's not impossible to imagine that might happen, even at the height of the oil boom — perhaps we should then have some kind of floor price as well or some right to a floor price at least if the situation arose. We don't see that.

Mr. Minister of Energy, I would like to see you reconsider your position and withdraw Bill 21 and think again about where we are going with the oil industry.

MR. WRIGHT: Mr. Speaker, this Bill should be opposed. It is wrong from the principles we espouse, which say that in a basic commodity like oil and gas in this province there should be a strong state presence. It's also wrong in principle from the point of view of the position the Premier of this province has taken with respect to the basic price of oil and gas. He has repeatedly told us that the province has an obligation to keep up the price of oil and gas, at least to the point where it is just impossibly low, should world markets force us down to that level.

It seems to me, Mr. Speaker, that we removed the prime way of doing that. It's impossible to prescribe the price of oil and gas under the Oil and Gas Conservation Act. The purpose of that Act is quite different from regulating the market. The amendments to the Mines and Minerals Act were made to give a monopoly to the Alberta Petroleum Marketing Commission some years ago so the government of this province could exercise control over one of our basic resources in this province that is necessary in the modern world. Here we have, blindly and willy-nilly in the name of deregulation, this basic prop of our economy being knocked out. It is in the name of doctrinaire consideration of the Conservatives that it is being done.

One of the things about the previous Premier was that when it came to pure, basic common sense, he was willing to see Conservative doctrinaire policy go out the window.

MR. TAYLOR: Oh, for the good old days.

MR. WRIGHT: Yes. Much as we admire the candor and decency of the present Premier, it is plain that he is

imprisoned by this doctrinaire sort of philosophy and is willing to see it go into action notwithstanding the possible cost to the province. That's what we see here. We have repeatedly heard from him that there is a basic obligation on the part of the province to see a sort of floor for oil and gas put in. He doesn't call it that. When we pressed him on floor prices, he nonetheless said that it is not total deregulation because the government has an obligation to see that there is a level below which the price of oil and gas will not fall. I ask the government: how can that promise be put into operation once this Bill is passed and the monopoly of the Alberta Petroleum Marketing Commission removed?

Mr. Speaker, without going into any of the details of the Bill, on that point of principle I say to hon. members that this is a disastrous Bill to attempt to enact.

MR. DOWNEY: Mr. Speaker, I've listened to a couple of opposition members talk about our doctrinaire approach in bringing this Bill before the House, and I would simply like to note the fact that from the period of about 1973 until the Western Accord was signed last year, there was a 12-year fight to get world prices for our resources. I think to step back from the objectives of that 12-year fight now would be foolish indeed. If we ask for a floor price, we are certainly going to have concede once again to a ceiling, and we'll be right back where we were 12 years ago.

With those comments, Mr. Speaker, I would certainly like to see this Bill come to a vote on second reading.

MR. HAWKESWORTH: Mr. Speaker, I appreciate that at least one government backbencher stood to defend this Bill, but I must say that I'm surprised we haven't had more government members springing to their feet to defend it. Why is that the case? Are we going to have to be satisfied with the brief defence the minister gave in his opening remarks, where he simply said that the Western Accord calls for this legislation? Is that all we're going to be able to accept or have for the public record here this evening from the government side?

AN HON. MEMBER: Stick around.

MR. HAWKESWORTH: I am going to stick around. I'm expecting all kinds of stirring speeches from the members opposite . . .

MR. SPEAKER: The Chair is looking forward to some stirring comments with regard to the Bill under discussion.

MR. HAWKESWORTH: Yes, Mr. Speaker, it may be left to us to be able to achieve heights of inspired rhetoric if the government is not prepared to do it themselves in terms of this particular piece of legislation.

I would have anticipated some kind of defence of this whole policy of deregulation. I would have expected some kind of in-depth analysis of this government's energy policy. I would have hoped to have had at least some detailed explanation from the minister as to the objectives intended to be achieved. I don't know whether that is still to be brought to this Legislative Assembly or not, but at least in the opening at second reading, where we deal with the principles of the legislation, I don't think it would have been unreasonable for me to have anticipated and hoped for that kind of public defence.

I think the reason we've not heard it tonight, Mr. Speaker, is that essentially there is no defence of this legislation other than that the Western Accord seems to say the government needs to go in the direction this legislation is taking them. And I ask: what kind of explanation is that? It's not an explanation at all. I'm wondering if there is a more fundamental reason why the government members have not sprung to the defence of what I have assumed to be the energy policy of this government. Are they too embarrassed to enumerate in any detail what this particular legislation is going to achieve? That may in fact be the case. At the deepest level the government has its doubts about this whole notion of the effect deregulation is going to have on the energy industry in this province. If they do have their doubts, Mr. Speaker, then I can say tonight that there is at least hope they will accept a more reasonable and more reasoned energy policy for this province.

Perhaps that's the reason they can't vigorously defend their position, because if they were to vigorously defend this position of deregulation of the oil and gas industry tonight, it might become obvious why they cannot help the industry out of its present difficulties. Fundamentally, if the policy is one of deregulation and leaving everything and all things to the free market, then that kind of fundamental energy policy runs counter to any form of government intervention or any kind of government assistance for that industry, whether it be at the provincial or federal level.

Why would you then try and turn around and offer meaningful support to the industry when it falls upon hard times? That's intervention. Why would they vigorously lobby Ottawa for assistance and help for the energy industry? You couldn't, because that's not what the Western Accord contemplated. The Western Accord contemplated that there would be no assistance to the energy industry from either this level of government or the federal level. I submit, Mr. Speaker, that is why in the last few months we've witnessed a lack of action in this province and in this government federally for assistance to the energy industry, because of the low prices experienced in the last few months.

Why would this government extend any kind of assistance or program that might assist, let's say, the Canadian sector of the industry or the small producers and the particular problems they're experiencing? They couldn't do that because that kind of policy picks winners, and that encourages some companies to succeed and remain viable, which again runs counter to the spirit of the Western Accord. We keep coming back, Mr. Speaker, to what the Western Accord means for the energy industry in this province, and I say tonight that the reason we've not seen any significant policy of assistance to the energy industry in Alberta is because any kind of program of that nature would run counter to the spirit of the Western Accord. That's why we're seeing this kind of legislation, and that's why we're not seeing any kind of meaningful program of support.

Indeed, the policy being pursued under the Western Accord is reflected in Bill 21. That's a policy that's biased to the big producers. Generally speaking, they're foreign-owned. Generally speaking, they're integrated from producers through to the marketing and retailing, and they are fundamentally big business. Mr. Speaker, that has been the course generally followed by this government in terms of the support this government gives to the private sector, particularly in the oil industry but not exclusively restricted to the oil industry.

As I understand the present regime, Mr. Speaker, the smaller producers are guaranteed a share of the market

based on their reserve position. That means they could sustain a cash flow and a profit basis in somewhat equitable relationship to their reserve position or an equitable relation to those experienced by the larger integrated company. This present regime gives the smaller producers at least some opportunity to compete on a somewhat fair basis with the larger major integrated companies. They could not, and they cannot under the present regime, be entirely shut out of the marketplace. That policy, as reflected under our existing legislation, ensures this sector of the oil industry some degree of independence. Bill 21 removes that opportunity to compete. It removes that opportunity to maintain their independence. Conceivably, if Bill 21 gets passed by this Legislative Assembly, those smaller producers, the ones that are not integrated and don't have direct access to the retailing end, could be shut out of the market if the integrated majors — that is, the buyers of the product — so chose to do.

Now the precipitous fall of international energy prices has hit the smaller and the independent sector particularly hard. Their cash flow has dried up. No matter how asset-rich as a company they may be, in many cases they may be facing insolvency or some form of restructuring or they may be forced to be swallowed up by a larger company with cash assets able, in this particular market, to buy them out and take over those assets.

Some may accept this particular situation as inevitable. Some may even welcome it as a positive development and trend in the marketplace, but I say tonight, Mr. Speaker, that I for one do not accept it as inevitable. I for one will not accept the demise of the Canadian, the independent, and the smaller business sector of the energy industry as a positive trend. Further, Mr. Speaker, Bill 21, coming as it does on the heels of this precipitous fall in energy prices, is the worst possible time to be pursuing the kind of energy policy that this government has enumerated or enunciated in the past several months. I would honestly and sincerely urge the government to reconsider the direction they're following. There may be an opening because of the lack of federal action on the PGRT. There may be an opening that would allow them to change their direction or alter their course on the Western Accord and save face.

I would urge them to please pause for a few months, take their bearings, rethink their policy, and then come back to the Legislative Assembly with a policy that assists the industry and particularly maintains the position of the Canadian sector, the smaller producers, and the independents, and finally, Mr. Speaker, come back with a policy that gets people working again in that industry. All of us — I don't care on which side of the House, and it's in a sense a nonpartisan appeal — are very concerned about the numbers of people being laid off in the industry. We've got to develop some kind of policy that gets those people back to work, doing what they do best and doing what they know best, so we don't lose that knowledge and that experience in our oil sector in this province.

In conclusion, Mr. Speaker, this legislation is symbolic of a policy being pursued by this particular government, but it's more than symbolic. This legislation, in my view, embodies the poverty of the present energy policy being pursued by the government, and I am not surprised that the minister and the members of the government opposite have not risen to offer a significant defence of their policy as enunciated in this amendment tonight.

MR. MUSGREAVE: Mr. Speaker, I should point out that the hon. member that just spoke is my MLA. I'm not rising

because he urged me to rise; I was going to rise anyway to say a few things.

I think that this Bill is part of our strategy to return to sanity. First of all, the way the governments of Canada have treated the oil industry as a goose that lays the golden egg — not only in this country but in Great Britain, Norway, Saudi Arabia, and many other countries — they are taking the oil industry for all they possibly can.

I'd like to go back and give a little history lesson to some of you here. In 1945 when I came out of the air force after the war, people were leaving western Canada, the population of Saskatchewan and Alberta was declining, and Imperial Oil was working the plains. After drilling 100 wells and spending millions of dollars, they finally found Leduc. Just prior to 1947 Shell Oil Company had left Alberta. They had played around in the plains and couldn't find anything in Redwater. I don't know whether their seismic wasn't very good — they probably didn't have any in those days — but they left Redwater because they were going to go out and find oil and gas on the west coast. Fortunately for Imperial, they then took those leases from Mr. Harvie and found Redwater as we know it today.

I'd like those of my colleagues across the way who talk about the small companies creating all the wealth to think of a few names. Some are still around; some are not. There's Chevron; that's still here. British American has disappeared. Esso is still here. Mobil is still here. Hudson's Bay Oil and Gas is not here anymore. We had Dome. Royalite has disappeared. Home Oil has disappeared. Atlantic Richfield has disappeared. Amerada Hess has disappeared. I think Canadian Superior may still be here.

Imperial Oil was the major player in all of this originally, and they employed not a few people, not a few hundred, but thousands of people. The oil industry invested billions of dollars in the western plains, and a lot of this Canadian content in the oil industry that you're talking about are former employees of the major oil companies. They set up drilling companies, seismic companies, well-servicing companies, land-surveying companies, and geological and geophysical survey companies. You could go throughout the whole industry and many of them were former employees of Shell, Esso, Gulf, or you name it.

I remember that back in the early '50s it was easier to raise money in Spokane for drilling wells in southern Alberta than it was in the city of Toronto. I'd like to remind the hon. members that 85 percent of the oil and gas in this province is owned by the Crown, by the people of Alberta. The remaining 15 percent is owned by the CPR, Hudson's Bay Oil and Gas Company, which is now Dome, or private membership. We as a government determine when the land can be explored. We determine how much drilling has to be done and how much seismic work has to be done, and then if a company is fortunate enough to find oil, we make them give half the land back and their competitors bid on it for future use.

Prior to all these regulations that we now have, oil was delivered anywhere in Canada at a reasonable price in reasonable quantities with no worry about supply or anything else. Then when the Arabs discovered — after they graduated a few of their children out of Harvard and realized the huge profits that were being made by American states in particular on state taxes on gasoline, and they were getting maybe 25 cents a barrel for their oil — that they had a great source of wealth they should be looking after for their own people. This is what started OPEC, yet we in Canada did the same thing. The federal government recognized that

there was huge wealth being created and they wanted their share of it, so we had the PGRT and several other machinations of the federal government. I wouldn't quarrel with the PGRT if they also had a similar tax on power being exported by Quebec Hydro or Ontario Hydro or . . .

MRS. CRIPPS: Or gold.

MR. MUSGREAVE: . . . or gold or any number of products or industries, if we were all treated fairly.

I would like to make a couple of other points, Mr. Speaker. The hon. members covered so many parts of the debate tonight and got far away from Bill 21, which I think essentially gives the small oil companies the opportunity to go and check around and find where they get the best price for their oil. It's called free enterprise, and I know that's a dirty word with some people.

I would like to mention one other issue for the hon. members opposite. A few years back the combines commission in Ottawa, then under the aegis of our friends' government, the Liberals, decided that the oil industry was colluding to keep up prices of gasoline at the pumps. This is an old saw. We had one here in Alberta back in about 1948-49, the Mackenzie commission; they tried to say the same thing. But anyway, federally, after spending millions of dollars by the oil industry and by the lawyers of the federal government, they came out here just a couple of weeks ago and said there was not a shred of evidence to support it. Yet we still hear our hon. members, particularly those from the New Democrats, talking about the fact that the oil companies get together and set these prices and all the rest of it.

The hon. Member for Athabasca-Lac La Biche, I think it was, mentioned — I may be wrong on this, but one of the hon. members opposite mentioned the bumper stickers and "Let the eastern bastards freeze in the dark." That bumper sticker actually originated in the Yukon, because some Americans on the east coast of the United States particularly, probably out of Harvard and some of those areas, were saying that they didn't want the oil industry working up in Alaska and those areas because it was affecting the environment. So the natural reaction was, "To hell with them; let them freeze." You can't have it both ways.

I would like to point out, too, that there's much made about the little companies creating all the wealth and all the jobs. The Arabs are not after the little companies; they're after the major companies. I point out to hon. members that Texaco, I believe it was, shut down 1,500 wells in California within the last two or three months. These were marginal wells that will probably never be produced again. They're after the Syncrude project and the heavy oil upgrader projects. Those are the kinds of projects they're after. They're not after the marginal operations of small oil companies; they're after those companies that were in effect putting the oil reserves of the Middle East in jeopardy. Every time you develop a Syncrude project, you make the projects in the Middle East that less efficient and that less effective as affecting the price of oil.

As I said in my opening remarks, I think the Western Accord is going to return the industry to sanity. I agree that the small producers should be helped, and how they should be helped is very difficult. I know the government is struggling with this very seriously. But I would also point out to all hon. members that as I mentioned earlier, 85 percent of the oil and gas reserves in this province belong to the people of Alberta. The wisest and best

exploitation of those reserves is usually done by large companies working efficiently, not the marginal operations, to make sure that the reservoirs are protected and that the maximum production is obtained.

Finally, in conclusion, Mr. Speaker, I know the hon. members mentioned the foreign-owned companies, and it's true. They're big; I guess that's bad. I would point out to my MLA, the hon. Member for Calgary Mountain View, that Exxon, which is one of the world's largest companies and generates billions of dollars every year in profits, is headed up by a Canadian citizen who was born and raised in the city of Medicine Hat. So there are opportunities for Canadians in these big companies that you find so distasteful.

I also would like to point out that Esso has just recently terminated 2,000 people all across Canada. You talk to any Esso employee today and you won't find one of them criticizing the program. I also point out that Esso has been in business in Canada for over 100 years. They have no unions at all. Perhaps that's why the NDP don't like them. There is one union, and it's out at the refinery on the west coast.

Finally, in conclusion, Mr. Speaker . . .

MR. SPEAKER: This is the second "finally" and the second conclusion.

MR. MUSGREAVE: I'm sorry, Mr. Speaker. I just want to say I enjoyed the opportunity to debate with my hon. colleagues, but I hope I can do so in a much better manner in the future, because I intend to.

Thank you.

MR. SPEAKER: May the minister sum up the debate?

MR. McEACHERN: Mr. Speaker . . .

MR. SPEAKER: The Member for Edmonton Kingsway spoke on this matter before.

MR. McEACHERN: I can't speak twice?

MR. SPEAKER: No, sir. The Minister of Energy.

DR. WEBBER: Mr. Speaker, I've enjoyed listening to the remarks this evening and really didn't get any surprises from members opposite in terms of outlining their philosophies. The oil and gas industry in Alberta, Mr. Speaker, is an industry that has made Alberta one of the great provinces in Canada. It is an industry that has seen our population grow over the years as people came here to make their lives, invest in Alberta, and raise their children. With the programs we have in this province, the social programs funded by the revenues to this province from the oil and natural gas industry, we have certainly benefitted over the years from oil and gas.

Mr. Speaker, the comments about the national energy program. It wasn't until the national energy program came in that we saw our industry being hit by the federal government of the day. We have over here tonight hon. members defending the national energy program as a program that was good for this country. Well, Marc Lalonde today is indicating that at that particular time it was their objective to tear this province down and divert revenues away from Alberta towards the federal coffers by the national energy program. Then we have the great story of PetroCan. These

people talk about small companies, and they build this giant that hon. members across the way are supporting.

Then we hear the hon. Member for Edmonton Kingsway, is it?

AN HON. MEMBER: It doesn't matter.

DR. WEBBER: It doesn't matter. Talk about destroying the goodwill between ourselves and the government of the day when we were sticking up for our ownership rights in this province and sticking up for Albertans when the national energy program came in and they were trying to stick it to us. Mr. Speaker, we certainly were not concerned about goodwill between Alberta and the government of the day at that time. We were supporting Albertans and people in this province to have an oil and gas industry continue to thrive.

We fought long and hard to get rid of the national energy program, and we're happy that we have. With the Western Accord signed by this government, the governments of British Columbia and Saskatchewan, and the federal government, we saw the end of the national energy program and the industry responded. In 1985 the industry responded with investment in this province. Cash flow was high; investment was high. It wasn't until the decline in the world prices that we saw what happened to our industry in this country. So hon. members trying to associate what has happened to our industry in this country today, which has resulted from the decline in world prices, with the Western Accord and take us back to the national energy program days ... In this country today we still have federal politicians of the parties opposite trying to take us back to a national energy program. Shame is all I can say.

Mr. Speaker, we could talk all night about the comments of the members opposite; however, I think it's important to come back to the principles of this Bill, which the hon. members have strayed from during the course of their remarks. I do find some of the comments interesting in that it appears as though some members don't understand the purpose of this Bill. We had one member saying that we were going to see the end of prorationing by this Bill. Obviously, he doesn't understand the prorationing system. Prorationing is very much in effect today and is allowed for under the Western Accord. The hon. member may wish to know that the prorationing system is administered by the ERCB in this province, not the Alberta Petroleum Marketing Commission, so the comments he made with respect to prorationing I find very confusing and not related to this particular Bill.

Then we have the great oilman of the party opposite coming up and saying he agreed with the comments from the Member for Calgary Buffalo. It's hard to believe.

Mr. Speaker, as I said, this Bill has nothing to do with prorationing. Prorationing is a means of ensuring a market share for all producers in periods of market constraint. These people were concerned about the small producers; so are we concerned about the small producers. But where would the small producers be if it wasn't for prorationing? Prorationing is in effect today, and there are no plans to change prorationing. It's in effect because of pipeline restraints.

Mr. Speaker, all we're seeing in this particular Bill is a change in the role of the Alberta Petroleum Marketing Commission where the commission sells the Crown's share of crude oil. The small companies that exist in this province and have contributed so much to our economy have the

choice. They can go to the Petroleum Marketing Commission and have that agency sell their crude oil for them if they wish. They're not being put in an untenable position at all. They're free to make a choice.

Mr. Speaker, I wanted to make those few remarks with respect to this particular Bill. The final question that I would respond to came from the Member for Calgary Forest Lawn, and I didn't follow his concern about budget. In fact, we've already approved the budget of the Alberta Petroleum Marketing Commission during the course of our departmental estimates. Maybe the hon. member was confused with respect to a particular section of the Bill where it's a requirement, if the changes are passed, that the Alberta Petroleum Marketing Commission pay any net profits to the provincial government. Under deregulation the Alberta Petroleum Marketing Commission would market crude on behalf of producers, at the choice of the producers, and this may result in a net profit. If so, it would be returned to the Provincial Treasurer.

MR. SPEAKER: The hon. Minister of Energy has moved second reading of Bill 21, Petroleum Marketing Statutes Amendment Act, 1986. Members of the Assembly in favour, please say aye.

SOME HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no.

SOME HON. MEMBERS: No.

[Several members rose calling for a division. The division bell was rung]

[Eight minutes having elapsed, the House divided]

For the motion:

Ady	Downey	Oldring
Alger	Drobot	Payne
Betkowski	Elliott	Pengelly
Bogle	Getty	Rostad
Bradley	Heron	Russell
Brassard	Hyland	Schumacher
Campbell	Jonson	Sparrow
Cassin	Koper	Stewart
Cherry	Kowalski	Trynchy
Clegg	Kroeger	Webber
Crawford	Mirosh	West
Cripps	Moore, R.	Young
Day	Musgrove	Zarusky
Dinning	Nelson	

Against the motion:

Barrett	Laing	Roberts
Chumir	McEachern	Sigurdson
Ewasuk	Mjolsness	Strong
Fox	Mitchell	Taylor
Gibeault	Pashak	Wright
Hawkesworth	Piquette	Younie
Hewes		

Totals: Ayes – 41 Noes – 19

[Motion carried; Bill 21 read a second time]

Bill 22
Petroleum Incentives Program
Amendment Act, 1986

DR. WEBBER: Mr. Speaker, I move second reading of Bill 22, the Petroleum Incentives Program Amendment Act, 1986.

Mr. Speaker, after the signing of the Western Accord the Alberta government announced in June 1985 a number of royalty adjustments and royalty incentives. At that time it was decided to terminate the Alberta petroleum incentives program on March 31, 1986, some nine months prior to the termination date that was indicated in the September 1981 energy agreement. This termination of the program coincided with the agreement in the energy accord that the petroleum incentives program of the federal government, B.C. government, and Saskatchewan government would be terminated one year from the date of the announcement of the signing of that agreement.

Also, this particular Bill grandfathers certain activities to the end of the year 1986. Guidelines for the grandfathering have been set out to the industry and relate to enhanced oil recovery, critical sour gas wells, the expenses related to critical sour gas wells, and drilling expenses under agreements of certain types, agreements that were entered into prior to June 25, 1985. So, Mr. Speaker, the principle of this Bill is very straightforward. It simply establishes a termination date and grandfathering provisions.

MR. SPEAKER: Order please. Before hon. members comment with regard to this motion for second reading, as was appropriately pointed out in the discussion of the previous Bill, the Chair allowed the previous Bill to have a fair amount of rambling comments with respect to generalizations to the whole matter of the energy industry in particular. Therefore, the Chair gives notice with regard to Bill 22 that such ramblings will not be entertained.

MR. PASHAK: Mr. Speaker, my objections to Bill 22 are similar to the objections I presented to Bill 21. From my point of view it furthers the process of dismantling the Canadian segment of the oil industry. We see that in the provision that winds down the Alberta petroleum incentives program some nine months ahead of schedule. This program was introduced as a reaction to the federal program of the same name. The federal government offered to extend the program to Alberta, but this province didn't want that. The rest of Canada was covered by the federal petroleum incentives program, and as a result, we administered our own.

We are concerned about the vacuum that would be created by the winding down of this program. The new programs that have been implemented so far this year in terms of incentives give no preference to Canadian companies. In fact, they help the larger integrated companies with the financial resources — that is, the money up front — to take advantage of them. What is the minister contemplating to ensure the future health of the Canadian oil industry? That's our major concern.

We also have a minor concern about the grandfathering of certain clauses. We just have some concern that environmental issues be taken into account, because most of these programs that are grandfathered involve tertiary recovery of oil and we know there are environmental problems associated with that.

AN HON. MEMBER: Question.

MR. SPEAKER: There's a call for the question. May the minister sum up?

HON. MEMBERS: Agreed.

DR. WEBBER: Mr. Speaker, I'll just comment that I can't believe the comments about environmental problems. One of the reasons for the grandfathering of the critical sour gas wells is because of the length of time it takes to have the ERCB address environmental concerns. Environmental concerns associated with approval of the development of these wells is one reason why that particular item is in the grandfathering aspect of it. So it's a concern with respect to environment, not the opposite.

[Motion carried; Bill 22 read a second time]

Bill 23
Natural Gas Marketing Act

DR. WEBBER: Mr. Speaker, I'd like to move second reading of Bill 23, the Natural Gas Marketing Act.

Mr. Speaker, the Natural Gas Marketing Act is a new Bill. It contains a number of parts that will enable the transition to natural gas deregulation to occur. The Bill has four main parts to it. The first part relates to the role of the Alberta Petroleum Marketing Commission in determining the costs incurred by major shippers within the province of Alberta. Currently, the Alberta Petroleum Marketing Commission determines the costs legitimately incurred inside Alberta by major shippers such as Western Gas Marketing, which was formerly TransCanada PipeLines, Pan-Alberta, Alberta & Southern Gas, and Progas. But under deregulation the Petroleum Marketing Commission will be available to continue to determine these costs or some portions of these costs as agreed to in the contract between the producer and the shipper. The involvement of the Petroleum Marketing Commission is no longer mandatory, but it is available as a neutral third party to verify that certain costs outlined in the contract are being properly determined and accounted for. So that relates to part 1 of the Bill.

The second part, Mr. Speaker, gets into the way in which producer approval of downstream contracts comes about. The major natural gas shippers under deregulation are asking the producers to accept a netback pricing system, to accept netback pricing agreements. It's under those arrangements that a shipper such as Western Gas Marketing may sell gas to a number of buyers, buyers that may be in both Canada and the United States, at a variety of prices. But rather than allocate each producer's gas to a specific sale, all the revenues are pooled and the transportation costs are deducted and then split evenly on an mcf basis to all the producers supplying gas.

Mr. Speaker, under this system the producer has not agreed to a price, but rather he has agreed to a formula that allocates to him his share of sales revenues. Producers are concerned that they have a say in whether a proposed downstream sale is a reasonable one. So section 2 of this Act then requires that the shipper selling gas under a netback pricing arrangement has to demonstrate to the Alberta Petroleum Marketing Commission that a majority of the producers have agreed to a specific downstream sale.

Part 3 of the Bill, Mr. Speaker, relates to price arbitration under certain gas contracts. A number of natural gas contracts entered into inside Alberta over the past 10 years have pricing provisions that are tied to the Alberta border price.

For example, a fertilizer plant may have a contract that specifies the price as, say, 65 percent of the Alberta border price. Upon deregulation, of course, the Alberta border price ceases to exist. In most instances the parties will in fact negotiate a new price. However, to prevent one party from abandoning the contract on the grounds that he has been frustrated because the price can no longer be determined, this part of the Act, part 3, allows either party to the contract to take it to arbitration to determine a new price.

Mr. Speaker, part 4 of the Act relates to information-gathering powers and enables the Petroleum Marketing Commission to gather information related to natural gas. The information they would be gathering would be determined by regulation. In my discussions with the industry we have to make sure that we don't have the Alberta Petroleum Marketing Commission out there gathering information that is not necessary. That is one concern that has been expressed to me. We will have the department work with the Alberta Petroleum Marketing Commission and industry to determine precisely the kinds of information that would be useful to the commission and the industry in turn.

Mr. Speaker, the Act basically sets the framework for pricing and marketing under a totally deregulated system. I know hon. members may be making comments about whether or not November 1 is the date for deregulation. I simply say that this particular Act is necessary for total deregulation and that the timing aspect of it really isn't relevant with respect to the passing of this Bill. If we proceed with total deregulation on November 1, this Act is necessary. If we do not proceed November 1, we have it in place at the time down the road that we would go to total deregulation.

Mr. Speaker, I've outlined the four main parts of the Act and the main principles associated with each part.

MR. PASHAK: Mr. Speaker, I agree with the minister that this Act is necessary if deregulation is to go ahead on November 1. Hopefully, deregulation won't go ahead on that date, and that will give us some greater time to study the implications of gas deregulation.

This Bill, from my point of view, continues that same process we saw in Bills 21 and 22. It tends to favour multinational corporations, again at the expense of Canadian producers. Deregulation in this country in some respects is virtually impossible. We saw that. We saw that other provinces in Canada are not prepared to comply. As we discussed in this Chamber before, Manitoba has introduced a compressor gas tax. Quebec has put an additional sales tax on gas in that province. We see that the distributing companies in both Ontario and Quebec are contemplating either surcharges or they're getting involved in the upstream ownership. Here I'm thinking of the major gas distributing company that works in Quebec. What this means is that gas deregulation was intended to facilitate sales between independent producers and independent buyers. But if the people that are distributing that gas are also getting into the business of owning gas fields and gas reserves, that begins to make a mockery of the whole business of deregulation.

[Mr. Bogle in the Chair]

In looking at this important Bill, I think it's important to look at who loses and who gains. It's pretty clear that among the losers would first of all be the people of Alberta,

who, through the lower prices that deregulation automatically would bring about, will get lower revenues, lower economic rents, for the gas that's produced in this province.

The small gas companies in this province would lose as well. They do not have open access to the transportation system, as other, larger companies do. It's quite likely that they would not get a sufficient rate of return from the sale of gas at these reduced prices to replace their depleted reserves, which means that they couldn't even enter the market.

A third major casualty in terms of a group that would lose if this Bill were to go through are Canadians who buy Canadian gas: the consumers in Ontario. I'm quite sure that here again is a case where some regulation would be necessary. I think Canadian consumers, particularly those in Ontario and Quebec, would be willing to pay a higher price for gas than the current market levels if they were assured that they could have that gas over a long period of time.

When we turn to who gains from the deregulation that's involved in this particular measure, we find again that it's only the big integrated companies and the pipelines such as TransCanada, which is now owned by Bell, a big multinational corporation.

In addition to these concerns, the Bill also provides, as the minister pointed out, a new role for the Alberta petroleum marketing company. Maybe I'm misreading the Bill, but it seems to me that it only gets involved if both parties to the contract request intervention, as opposed to the present Act, which would involve arbitration if either side requested an arbitrator. Although its role would be somewhat more limited, it seems to me that to provide the kind of information that's now provided by other means, a massive bureaucracy with quasi-judicial powers as contemplated in the Act would be established.

There's no mention of the Alberta Petroleum Marketing Commission to take into account long-term assured supply in determining price components either, and I think that's a major gap. Here again, what we see is a further instance of government policies that would reduce Canadian involvement in the gas industry in this country and increasingly hand it over to other countries.

Given what's happening here, I hope that the Bill doesn't come into effect. I strongly urge that the deregulation date be postponed indefinitely.

MR. TAYLOR: Mr. Speaker, I rise to speak against this Bill. I'm bothered by the fact that this government seems to be conned so easily. I rather get the impression that they're like a bunch of country boys at the fair. It just seems that somebody comes up with the idea of an open market, a freer market, and says, "That's what we're doing in New York," and they fall all over themselves trying to get in line to do what the big city boys from Toronto and New York do.

It's worth taking a minute to cast back. Just a scant couple of years ago we were selling gas when the border price was \$4 an mcf or \$4 a million BTU. Whichever way you want to do it, it came out to \$4 a unit. We're now selling it for \$1.25. That's not very much progress. We're going down at a great clip. We're selling 25 percent more gas for about a third less than what we were getting two years ago. That kind of thinking is what some people have often said when you play the stock market: you should buy high, sell low, and try to make money on the volume. I never thought that would ever exist until I watched the

Tory party over the last two years. We're doing the same thing; we're trying to make money on the volume, and we're selling at a third of the price we had a couple of years ago.

We had the price up there at \$4. Then the Mexicans came along and said they might sell to the Americans at \$3. We said, "Well, we'll make ours a little cheaper; we'll get down to \$3." Then the Mexicans said they might go to \$2.50 or \$2.75, and we said, "I'll tell you what, fellas; we'll make it a free market." So now we're sitting here with a price that has gone all the way down to \$1.25, which is worse than even the wildest free market individual thought it would go to. But worst of all, our consumers in Canada do not have the alternative of the Mexican gas coming in cheap. In other words, if there were a shortage or prices start moving up here, the Americans will just turn around and buy it from the Mexicans. However, Canadians can't buy from the Mexicans. There's no way of getting Mexican gas across the United States, so consequently we've been conned into supplying the eastern U.S. and eastern Canadian markets in a so-called free market regime with no thought of what it would cost.

Now, anybody, particularly Albertans, and this surprises me — I'll take that back about being a country boy at the fair. Our ministers of energy and our premiers got into dickering with the big boys down east. Even a country boy knows that if you put more wheat on the market, it's going to cause the market to drop. Even a country boy knows that you take wheat and put it in the granary or you withhold from the market to keep the price up. But what did we do when our markets started to worry a little bit? We said, "No, we'll open it up."

What happened in the natural gas market is what happened in the wheat market in the '30s and the egg market in the '40s and '50s. The price crumbled. There was just so much gas to be bought out there, so indeed we drove our own price of gas down. This would be all right if we were farmers or if we were manufacturers and owned the gas, but as the hon. Member for Calgary McKnight said, Albertans own 85 percent of our natural resources. So when we said to the oil companies that they could break their price and sell it, 85 percent of our resources are going down the stream to the U.S. for \$1.25 today when we were getting \$4. The least we could have done is hold on and kept it back and let the market come up. [interjection] Listen, you might learn something. If you wanted to go even farther, you could say that what we could have done is let the oil companies sell their share of the natural gas in the ground and we, the government, keep our share till the price recovered.

[Mr. Speaker in the Chair]

What we have to do is get back to the idea, as agricultural products have done for some time, of trying to match the market to the production. Just opening up the valve and letting the gas go is hurting us in three ways. Not only is 85 percent of our gas going down the road at \$1.25 rather than \$4 an mcf; secondly, because the industry has ground to a halt because they're getting so little gas, we as taxpayers are not realizing the proper money we would get from selling our natural gas leases, our natural gas assets. Maybe worst of all in times now — I don't think it would take any great geologist to tell you Alberta is not a great basin for oil and gas. We can have a minuscule amount of the

oil and gas that exists in North America and even less than minuscule as far as the world is concerned.

Today we're coughing up our innards, if you want to call it that, at the very cheapest of prices, selling our gas as fast as we can lay our hands on it, so that in 15 years we'll probably have to replace it with \$4 to \$8 an mcf gas from the high Arctic, the Mackenzie delta, or from offshore where there are big reserves. So our grandchildren are probably going to judge us very, very harshly for this wide open, devil-take-the-hindmost idea of a free market that we've been conned into.

I would implore the government to stop and think. What have you gained since you freed the market? You may be philosophically pure, but you've got an empty wallet. Our oil is selling for less. Our natural gas is selling for less. We have people without jobs; they have to go down to Toronto to look for jobs. They're leaving this province at a great clip. Our unemployment is at the highest it has been in something like 15 to 20 years because of the free market.

When are you going to wake up and decide it is not working? It is not working. Swallow your pride and say — I'll even give you a half way out — just suspend the darn thing here for the next while and don't put in the third and fourth readings. But swallow your pride, because the idea of a free market for natural gas is not working. The Americans, the consumers who talked you into it, have the alternative after they've drained you dry to go take natural gas from the Mexicans, whereas we in Canada cannot get cheap gas from the Mexicans. We'll have to turn around for expensive gas from the frontier.

So you're sitting here coughing up your future and your grandchildren's future for a will-o'-the-wisp idea of a free market economy that Malthus and some people that died 200 years ago were promoting.

MR. PIQUETTE: Mr. Speaker, I rise to speak against Bill 23. I think deregulation was something this government anticipated bringing in when the prices were rising in the marketplace. Now they're caught with living up to a promise they made to the oil and gas industry, especially the multinational companies, that they would give them a free market to make as much money as they could. The whole trouble with that, with the whole price collapse that has issued since the Western Accord was signed, is that this Bill is just not the thing we should be introducing at this time in the provincial Legislature. We should be simply letting it die on the Order Paper until a much later date when we are in a competitive position in terms of being able to control the prices in North America. By deregulation right now all we're opening up is a can of worms which will lower the prices and the revenues to the province to a much lower extent.

One of the things I can't understand is that we don't seem to be learning from history whatsoever. During the time of the Great Depression, we had the same kind of movement, the same kind of policies. When we had a kind of recession developing in the 1930s, we had a Tory government that basically went in terms of deregulating everything. It was only through the Depression that we learned that we have to have government legislation to make sure that basic commodity prices are protected for both the consumer and for long-term planning in terms of making sure that we safeguard a very valuable resource, whether it be agriculture or minerals, et cetera.

Here again we seem to have the same kind of mentality. We are facing probably the biggest recession or depression that the Alberta economy has suffered since the 1930s, and we are still stuck with a government that believes that the answer to that is deregulation. I can guarantee this House that if this government pursues this whole idea of deregulation, when we look back at this moment in history in the Alberta Legislature, 10 or 20 years from now people will be saying how silly this government was to introduce deregulation, because it had to be undone at a later date. I think that will come down in history here in Alberta. When you're a very small player, when the market price is dropping and we open up a free market, free trade, or whatever the case may be, just like the Member for Westlock-Sturgeon indicated, there's just no way you have a chance in a free market situation.

If we think that we're going to have to export our gas by volume in order to be able to make some of our social legislation viable here in Alberta, we'll be basically selling all our gas and oil in this province in order to somehow maintain our living standards, but it won't be there. We'll be sacrificing for the present in order to maintain the viability of our living standard. But what happens to my children and your children and our grandchildren when they look for their share of our important natural resources? They will have been sold for next to nothing because of the policies of this government, which fails to understand that when you're a small player in the marketplace, you must ensure that you keep control of that product or you will be at the complete control of the larger players in the marketplace who will be forcing your prices down and forcing you to play their game.

I surely hope that this government realizes before the November 1 deadline for deregulation that it should simply sit on this Bill for at least the next few years to see what's happening out there in the marketplace. Perhaps when the prices go up again, this Bill will actually make some sense, but right now it will bring Alberta totally back to the Dark Ages and destroy our high standard of living and a lot of our job creation in this province. We can pretty well forget about it with the present pricing situation.

With the Bills that have been given to us in this Legislature, I can't see where in the world this government is leading to in terms of job creation. It will not create one job, because this will simply . . .

MR. SPEAKER: Order, hon. member. Back to this Bill, please.

MR. PIQUETTE: Okay. Before I sit down, I just want to conclude by saying that I kind of wonder — when the Tory parties look at the whole exercise of deregulation, they should be very carefully examining every section of this Bill and making sure that we have a lot more input from the small producer so that they can really realize what's in it for them.

I think we've been rushing these Bills much too quickly. There are various segments of this Bill — for example, the arbitration section — which seem to make sense until you realize: is this arbitration thing binding on any party, or is it just a kind of gamesmanship that the small producers will be playing? What powers are there to make sure that their prices are not undercut by the seller or by the buyer of the product?

Thank you very much.

MR. CHUMIR: Mr. Speaker, this legislation obviously does not stand alone. It is part of deregulation following the Western Accord, and accordingly it is very clearly tainted by the same poor judgment of that agreement. Gas deregulation as envisaged and as being proceeded by this government has several main difficulties. The first difficulty is that of the very high and inequitable cost to the industry in terms of badly needed cash, and the second problem relates to the competitive position of small companies.

Dealing with the first difficulty, Mr. Speaker, we clearly have an industry in great difficulty in terms of its financial situation, which is about to place a further financial hemorrhage when gas deregulation takes place. I would like to ask the minister: where are we going to find the hundreds of millions of dollars that are going to be taken out of the natural gas industry by implementation of deregulation, whether it be November 1, heaven forbid, or some later date?

The deregulation of the price of natural gas under current conditions is wrong in principle as a result of the current surplus restrictions with respect to export to the United States, which provide a non-deregulated environment protecting the consumer, and also with respect to pricing restrictions limiting the price at which natural gas can be sold to the United States, which again place a limitation on the producer and not the consumer. This is an imbalance in the deregulation situation. It is an imbalance which favours consumers. This government should be representing the interests of the producers, which include the people of this province, and should be standing firm on this particular issue. So it's wrong as a matter of principle because of those two deviations from deregulation benefitting consumers.

It is also wrong, as I have argued in this House before, as a matter of equity, since consumers have already benefitted from the lower price of oil, particularly during the 1970s, and we have a credit owing to the province of Alberta in an amount calculated by the provincial government to be \$56 billion. That is a matter which should and can in some very, very small degree be partially remedied by a delay in deregulation. So it's my view that deregulation should be delayed in markets where the price can be kept up, such as where the competition is with very expensive electricity.

At the same time, I recognize that there are certain elements of the natural gas industry, particularly relating to sales to industrial areas, where there is a truly competitive situation with fuel oil, which is priced very low, which must be met. Those are certain realities. Where the realities dictate, certainly deregulate or meet those terms in order to make the sales, but don't do it where not necessary, particularly at a time of such tremendous distress in the industry.

The second problem I alluded to is that of the competitive position of small companies, and I think we are seeing increasingly grave difficulties of small companies with natural gas production to get their fair share of markets. We see on a weekly basis the announcements by larger oil companies of direct sales. Very few, if any, of these include small producers. On top of this we find the very disturbing trend of distributors in the eastern consumer market purchasing oil companies and using those companies to purchase natural gas which they own and thereby cutting out other companies from the potential marketplace. Small and medium-sized companies have had difficulties in the past. In terms of deregulated marketplaces we can see that history is repeating itself, and it's something that must be addressed for the health of the industry here in this province.

I must state, Mr. Speaker, that I have some concern arising out of the recent visit of the federal minister of energy to Calgary and the meeting between him and our hon. Minister of Energy. I asked in the House the other day whether or not the federal government was attempting to link the dropping of the PGRT to the maintenance of the schedule for deregulation, and as I understand it the answer was that no, there is no direct linkage. I wonder if we're talking about semantics, because I've since read the speech of the federal minister of energy and there seems to be a very, very clear intent and statement in there that they do wish some undertaking that natural gas deregulation will take place as scheduled, presumably so that the federal minister can state that he has performed heroics for the consumer in his home province. I'm very concerned that we may be facing push and shove not only with respect to the provincial position on royalties but also with respect to what should be the province's position that gas deregulation should be delayed. I'd be very interested to hear from the minister just exactly the extent of the muscle that the federal minister of energy is applying in this instance.

So it may be, Mr. Speaker, that at some stage in the future total deregulation may be a suitable policy for the oil industry in this province. However, it's not a suitable policy for the oil industry in this province in 1986 or in any near, foreseeable time that I can determine. Everything is a matter of timing, it has been said, and we are certainly out of sync on this issue.

MR. FOX: Mr. Speaker, in rising to speak against Bill 23, the Natural Gas Marketing Act, I'd just like to say that I do so for a couple of reasons: one, because I'm concerned about the premise of the Bill, that it's based on an abiding and unsubstantiated faith in the free and unregulated marketplace that I don't think bears much relationship to what we see happening in the industry in Alberta today.

I would vote against the Bill because of the very clear, resounding, unwavering "maybe" that we've received in response to questions to the hon. Premier and the Minister of Energy when we've queried them on this very issue over the last several weeks. We've wondered what would happen if the price kept dropping in this unregulated marketplace, and we've been assured that shipment of gas to markets could be held up if that were the case — we wouldn't sell if the price got too low — that the right that Alberta has to decide to whom and when we sell natural gas would be a right we would never give up. I have trouble seeing how this fits into this plan, this panacea of unregulated marketing of natural gas in Alberta.

Mr. Speaker, it seems to me that this Bill was conceived and it seemed it would be a good thing to put in place at one point in history. Several months ago it seemed like it might be the right thing to do. Now we're proceeding with this plan, sort of flying in the face of reality. We're not taking into consideration what the industry is faced with now in terms of depressed prices and the needs of the small, Alberta-based industry. My concern is that if we pass this Bill and make it an Act, this government, which seems to enjoy things of this nature — it will be just too tempting to put it in place even if it doesn't make sense. I'm really concerned that we would see this very damaging step taken, and I urge members on both sides to vote against it.

MR. WRIGHT: Mr. Speaker, this Bill is wrong in principle. It is all of a piece with the other attempts at deregulation

by the government. It is another piece of the sellout to international capitalists that this government is intent on effecting. It is compounded by lack of a provincially owned oil and gas corporation, who at least could show some leadership in the market. It is exactly what is not needed in a time of dire slump in the industry, such as we have at present. It serves only the purposes of the paymasters of the party opposite. It does not serve the purposes of the people of this province and should be voted out by all right-thinking people.

DR. WEBBER: Mr. Speaker, I'd like to respond to a number of points raised by members opposite. What I find baffling is when we hear comments like: "The Bill favours multinationals. It favours international capitalists." We have absolutely no reference to specific aspects of the Act where that would occur. I would think they could make those comments without even reading the Bill in order to try to espouse their own philosophies. In fact, the whole section of part 2 of the Bill relates to a netback pricing system which in fact is primarily there for the benefit of small producers, small producers who would have a marketing agency involved in selling the gas for them under a netback pricing system. As I indicated, part 2 relates to a system whereby the small producer would be able to have a vote as to whether or not they approve of a particular gas sale downstream, whether it be for the export market or for domestic markets. So unless hon. members can demonstrate specific aspects of the Bill that relate to favouring international — what was the word? — capitalists or multinationals, I don't think they have a case.

Mr. Speaker, the hon. Member for Westlock-Sturgeon compared us to country boys at a fair. I notice he retracted that later, and I'm glad that he did, because a lot of fine young country boys that attended fairs in the country in the past have come to the city. I think a lot of city boys can take lessons from the country boys.

Mr. Speaker, the Member for Westlock-Sturgeon and the Member for Calgary Buffalo are arguing about the fact that prices are low, that this is a Bill which favours consumers, and that there would be a loss of revenue to the producers at the lower prices. As we all know, the price of gas is under pressure today by a number of factors, and what we are trying to do in the gas market is for our producers to compete with other energy sources and to try to maintain a market share. Under deregulation we have seen in the past year — I should explain that November 1, 1985, to November 1, 1986, was a transitional year in terms of deregulation, where we saw a number of direct sales into the industrial markets in Ontario and Quebec, sales that were competing with fuel oil and other sources of energy.

Certainly if prices are low — and it's difficult to compete with other sources of energy when prices are low, but the purpose of deregulation is to be able to compete in the market out there and improve our market share. We must be competitive and must recognize that if the price is too low, we have the opportunity not to sell. If we arbitrarily set a price which is too high, then obviously we won't get into the market. It's the U.S. market that producers in this province want to have access to. At the present time there's a so-called bubble in that market, with the expectation that that bubble would disappear before too long into the future and that Canadian producers would have access to that market.

With respect to the November 1 date, we did hear arguments from some hon. members relative to not going

on that date. I mentioned the industrial market was already deregulated in the transitional year and that when we use the terms "total deregulation" or "full deregulation" it's really a misnomer, because even with so-called full deregulation, there still will be regulation. There will be regulation of the trans-Canada pipeline system, regulation of the distributors, and considerable regulation in the time period we refer to as total deregulation. What it means is simply that buyers and sellers would be able to enter into contracts. If we were to proceed with so-called full deregulation on November 1, it would mean that residential and commercial markets would be deregulated in the sense of direct sales being able to take place.

Certainly we have a concern about price as well, particularly when there were certain principles in the gas agreement that were to have been met. The primary concern there was with respect to the surplus tests. The National Energy Board had been asked to review the existing surplus test it had and came up with a system that producers generally don't like because they feel it is inflexible and really is not a test that would be conducive to assisting producers in a totally deregulated market. So those concerns, as well as a number of other concerns, we are addressing with the process of deregulation.

Having said that, Mr. Speaker, the Bill itself, as I mentioned earlier, is not related to when deregulation occurs. The Bill has to be in place whenever it occurs, and this government will be working hard to try to meet the date of November 1. If we cannot meet that date, we would consider the deferral down the road.

[Motion carried; Bill 23 read a second time]

**Bill 24
Arbitration Amendment Act, 1986**

DR. WEBBER: Mr. Speaker, if you don't mind, we'll try to continue the momentum and see if we can get another one through here. I'm not getting much applause from my colleagues here tonight.

I'd like to move second reading of Bill 24, the Arbitration Amendment Act, 1986, Mr. Speaker. The amendments under this Bill are required to meet commitments undertaken by Alberta under the natural gas pricing and marketing agreement. As the hon. Member for Calgary Buffalo indicated earlier, these pieces of legislation that we're discussing tonight all go together to form a package with respect to going down the road to full deregulation. Mr. Speaker, the new Bill allows an arbitrator to take into account whatever matters that arbitrator deems relevant, and to the extent evidence is put forward by the parties to a contract, the arbitrator must have regard to a number of factors, including the price of alternate fuels, the price of competing natural gas supplies and, thirdly, the value of the contracted gas if it were sold in alternative markets.

Mr. Speaker, the Bill also allows parties to contract their way out of all or any part of the Act's provisions. A previous section now being repealed prohibited parties from contracting out of the Act.

Those are the comments, Mr. Speaker, that relate to this particular amendment.

MR. PASHAK: Mr. Speaker, I think this Bill continues the non-Canadian bias that we saw reflected in the other energy Bills that were presented earlier, and I'll support that with two points from the measure itself. The minister

mentioned that the arbitrator should take into account whatever items he thinks are relevant in terms of determining a price for gas, and it specifies a number of matters that should be taken into account, including the price for gas in markets outside of Canada. But it makes no mention of long-term contracts for Canadian consumers of gas. Some of our major purchases have been from residents of Manitoba, Quebec, and Ontario.

The second item that I think reflects this non-Canadian bias is that in the existing arrangements arbitrations require that the arbitrators be Canadian citizens. Here there's no such mention of that; it just says that they have to be residents of Canada.

MR. TAYLOR: Mr. Speaker, to the minister. This is a fairly short one, maybe as a note of explanation. Probably the minister could make a note as to whether or not the Arbitration Act covers the government's royalty share of natural gas to the extent — does the operator or the producer have the right to go to arbitration with the taxpayers' natural gas? Or is there some way that if the provincial government feels the price is not acceptable, although the producer may have accepted it, they can either bank or retain their gas or produce it and put it back in the ground in one of the many partially produced gas wells we have in this province? In other words, how is the taxpayers' share of natural gas handled in this arbitration process?

MR. CHUMIR: Mr. Speaker, the normal terminology is "putting a brick in the wall," while what we have is a brick out of the wall here and the wall is about to fall down. This is another very integral piece of the legislation implementing the disaster of deregulation under the Western Accord.

I'd like to comment initially on a recent observation of the Minister of Energy that they're pushing hard for November 1 for deregulation, which relates basically to the commercial and residential market in this country. Why are they pushing so hard for November 1, since the effect is that if deregulation is implemented on November 1, the price of natural gas will go down? If it is not implemented on November 1, the effect will be that the price of natural gas will not go down, and there will be a negligible effect, at least in the short and the medium term, on the availability of that market for natural gas. So if one is looking at the perspective of the health of the industry and the health of this province, why would the minister say that they are pushing for deregulation as hard as they can effective November 1?

It seems to me that there's only one answer: the federal government is pushing in that direction. And the only reason they're pushing us in that direction is that we gave away the farm and all of our cards when we entered into the Western Accord, which is what we've been saying all the way along: You left us naked. The government didn't protect us when they entered into the Western Accord. Where are the protective clauses? Don't use that negotiator again.

In any event, this Arbitration Act follows along with that philosophy and policy, and it substitutes, particularly in the vital eastern consumer area, the test which exists in the present Arbitration Act of basing prices on the substitutable fuels in that particular market area, and that is the proper test which should be applied. In the residential consumer areas we should be testing against the price of competing electricity, and in that way we keep up the

existing Alberta border price and maintain revenue from the market share in those areas.

That has been changed in this legislation. It's been changed because of pressures from the federal government. The federal government has not complied with some of the conditions that they were required to fulfill in the Western Accord, and this legislation should not be proceeded with at this point in time. If it's intended to put a co-operative face towards the federal government, I have my doubts, based on the actions of the Minister of Energy in Calgary recently who's shown that he's no fool, that they're going to fall for some feint in this regard. So I think we should be delaying this legislation and not proceeding with it at this time.

MR. WRIGHT: Mr. Speaker, this Bill of course is another piece in the jigsaw puzzle that the government is bringing in. I won't dwell on the larger aspects, which I've already sufficiently referred to.

I do, however, notice one or two things that perhaps the minister would care to deal with as matters of principle in closing debate. One is that the section proposed to be repealed says in subsection 5:

Arbitration shall be commenced and proceeded with at the option of either the buyer or seller under a gas purchase contract, notwithstanding that the buyer and seller agreed that resort to arbitration is dependent on the concurrence of both of them.

Does this mean that this whole Act, Mr. Speaker, as a matter of principle is now dependent on some kind of concurrence, or that the submission in the original contract, if it is one that depends on concurrence, governs, so that this arbitration process is not certain?

Secondly, as a matter of principle, in looking at the criteria, it seems that one very important one is missing, Mr. Speaker, which is the scarcity of gas remaining at the time of the arbitration. These are matters of principle rather than detail, I submit, and if my surmise is correct are serious deficiencies in the Act.

MR. MITCHELL: Mr. Speaker, I would like to address this Bill just on one point, and that is that it seems obvious — well, it is clear that this is all leading to deregulation and that we're going to go into the market and allow market forces to set prices. It seems that there has always been the underlying assumption in this government's position on energy prices that somehow if we accept market forces now, ergo we don't accept a floor, one day when oil prices go up, there will be no ceiling. So this entire effort becomes a very tricky negotiating ploy to ensure that we'll get no ceiling.

The stakes are enormous in making such a gamble, and I would have to assume that if the government were to gamble in that regard and were to sacrifice its position now and sacrifice the interests of Albertans, they would have a great deal of assurance that Albertans would benefit when oil prices and gas prices rose again. Two questions: one, what assurances has the government got, what kinds of studies that oil prices or gas price in this case will in fact rise? And does this government have a written, confirmed commitment by the same minister, the same government who will not give us back the PGRT, that there will be no ceiling and that therefore we will not be disadvantaged at the bottom of prices and disadvantaged at the top of prices? Because if this government is going to take that kind of risk with this kind of track record, then I have no

confidence whatsoever in this kind of initiative and we will not be supporting it. [interjections]

MR. SPEAKER: Which one is speaking?

MR. MITCHELL: Secondly, while I'm at it, could the minister please confirm that section 9 of the Western Accord will be eliminated in order to prove this point?

MR. SPEAKER: May the minister sum up?

DR. WEBBER: Mr. Speaker, I'm not sure whether we're in question period or debate on the Arbitration Act, because a number of the points raised don't have anything to do with the Arbitration Act.

The point that the hon. Member for Calgary Forest Lawn made — I guess it was his only point, if I recall — was that in this particular Bill there is no mention of long-term contracts. I'd ask the question: why should there be any reference to long-term contracts in this particular Bill related to arbitration? Long-term contracts would be related to the supply of gas that is on the market, and if consumers or purchasers of gas see that the only way that they can be assured of gas in the future is to go into a long-term supply contract, then they'll do so.

One of the concerns that we have with respect to the current situation with full deregulation on November 1 is that with the surplus as it is and with the difficulty in accessing the U.S. market, we may end up seeing short-term contracts become predominant and prices lower. So all the arguments the hon. members make with respect to why we should not go November 1 — their concerns are valid. They're the same concerns that I'm hearing from the industry as well. All I'm saying is that we are going to be working with industry and the federal government to see if we can remove those barriers prior to going for the whole deregulation.

I neglected to respond to the Member for Calgary Buffalo earlier when he raised the question in question period the other day with respect to tying PGRT to the deregulation of natural gas. I'm not sure I'm in order, Mr. Speaker, in commenting on this in dealing with the Arbitration Act. However, I indicated that in my discussions with the federal minister of energy that there was no reference to tying the two together. However, I have heard concerns since then with respect to the possibility of the federal government trying to tie the two together and the industry had expressed those concerns to me today. They will be taking a very strong stand to try to disassociate any discussions at all on the PGRT tied to the deregulation of natural gas, and certainly we'd support them on that.

Mr. Speaker, I would think that the other questions, as they relate to section 9 of the Western Accord, have absolutely nothing to do with this, but if the hon. member wants to raise them in question period, I'd be happy to respond at that time.

[Motion carried; Bill 24 read a second time]

MR. CRAWFORD: Mr. Speaker, tomorrow evening in Committee of Supply the proposal is to call once again the Agriculture estimates under the capital projects division and following that the Environment estimates and community health, and if there's time, public works. Those that would not be dealt with because of the timing tomorrow evening we would call the following day.

[At 10:40 p.m., on motion, the House adjourned to Tuesday at 2:30 p.m.]