

LEGISLATIVE ASSEMBLY OF ALBERTA**Title: Wednesday, May 27, 1987 2:30 p.m.**

Date: 87/05/27

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

[Mr. Speaker in the Chair]

PRAYERS

MR. SPEAKER: Let us pray.

We give thanks to God for the rich heritage of this province as found in our people.

We pray that native-born Albertans and those who have come from other places may continue to work together to preserve and enlarge the precious heritage called Alberta.

Amen.

head: **INTRODUCTION OF VISITORS**

MR. FOX: Mr. Speaker, it's my distinct pleasure to introduce to you and to members of the Assembly today, Mr. Steven Langdon, who is the MP for Essex-Windsor. Mr. Langdon is seated in your gallery. He's here in his role as trade ministry critic for the federal New Democrats. When Mr. Langdon stands, I'd ask that all members give him the cordial welcome of the Assembly.

DR. BUCK: Mr. Speaker, I would like to take this privilege to thank the members of this Assembly and the people of this province for the opportunity, along with the Hon. Dave Russell and the hon. Ray Speaker, for serving this Legislature for 20-plus years. It's been a privilege, and I thank the members of this Assembly for that opportunity. It's an opportunity that not that many people in this province are afforded.

Mr. Speaker, I would like to introduce three people who have made that opportunity available to me. They are in your gallery: Mr. Lou Peterson, my constituency researcher; Mr. Art Stelter, who was responsible for my nomination; and my wonderful wife, who permitted me to run as a candidate. I'd like them to rise and receive the recognition of the Assembly.

head: **INTRODUCTION OF SPECIAL GUESTS**

MR. DOWNEY: Mr. Speaker, it gives me a great deal of pleasure this afternoon to introduce to you and through you to members of the Assembly, 26 grade 6 students from Gus Wetter school in the town of Castor. They are accompanied by their teachers Mrs. Dunkle and Mr. Goring, and by parents Mr. Warman, Mrs. James, Mrs. Jackson, Mrs. Dunlop, Mrs. Gustafson, Mr. Holloway, and the driver, Mr. Turnbull.

Mr. Speaker, it gives me particular pleasure to introduce this group of students because Gus Wetter school is my alma mater, and I have two children presently attending there. I would ask that they rise in the members' gallery and receive the warm welcome of the House.

MISS McCOY: Mr. Speaker, my colleague the Hon. Ken Ros-tad, M.L.A. for Camrose, is attending a ministers' conference in

New Brunswick for ministers responsible for justice today, and he therefore asked me to introduce on his behalf 87 students from grade 8 in the Charlie Killam school who are accompanied by four teachers: Mrs. Donna Reimche, Mr. Errol Moen, Mr. Bruce Manning, and Mr. Art Fadum. They are seated in the public and members' galleries, and I would ask all members to give them a warm welcome.

MR. ANDERSON: Mr. Speaker, I'm pleased today to introduce to you and to members of the Assembly, three former members of the executive of the Alberta Cultural Heritage Council, who all held very important positions in that body. They're seated in the members' gallery, and they are Mr. Don Vinge, Mr. Nick Spillios, and Mr. Abu-Laban. I'd ask them to stand and receive the welcome of the Assembly and our thanks for their contribution to Alberta.

MR. OLDRING: Mr. Speaker, it's a pleasure for me to introduce to you and through you to the members of the Legislature, three distinguished citizens from the constituency of Red Deer South who are visiting the Legislature this afternoon. Their names are Mrs. Eileen Schultz, Miss Natalie Meijer, and Miss Jean McLuhan. I would ask if they'd rise and receive the warm welcome of this Assembly.

head: **ORAL QUESTION PERIOD****Toxic Gas Leak**

MR. MARTIN: Mr. Speaker, I'd like to direct the first question to the Minister of the Environment. Recently the Attorney General told the House that he was unwilling to lay charges in respect of a release of toxic gas in the city of Calgary on March 29 because the Minister of the Environment had failed to supply sufficient information for a successful prosecution. We begin to see why now, Mr. Speaker.

My question to the minister: will he possibly explain how his department failed to contact two eyewitnesses until today -- we're told they finally got around to it today -- after it hit the front page of the *Calgary Herald*?

MR. KOWALSKI: Mr. Speaker, I'm unaware that the Attorney General has made a recommendation or a decision with respect to this matter.

MR. MARTIN: A supplementary question to the minister. If he wants to play cute, people want to know how come his department is so shoddy. One of these two eyewitnesses apparently even contacted the Environment department and couldn't find anyone who was interested in taking the information. No wonder the Attorney General has some problems, Mr. Speaker. My question is: how does the minister now expect charges to be laid in the face of such a shoddy and sloppy investigation?

MR. KOWALSKI: Mr. Speaker, what the hon. Leader of the Opposition has just said is incorrect, to suggest that there was anyone in Alberta Environment who lacked any interest in taking the information down that was conveyed by a particular individual. I have in front of me, and I think it would be most appropriate for me to perhaps file with the Legislative Assembly -- I've only one copy, but I'd be very happy to make appropriate copies -- a copy in fact of the evidence that was supplied on March 30, 1987, that was filed with Alberta Environment.

MR. MARTIN: Well, Mr. Speaker, that's not the question. There were two key witnesses, one who was on national television, and his department did not even contact him, even after he contacted the department. My question is: why was that not done?

MR. KOWALSKI: Mr. Speaker, since March 29, 1987, when I indicated at that time very publicly that any individual in the city of Calgary who had any information with respect to a cloud release, should they wish to make available that information to Alberta Environment, we would have officials available in the offices that we have in Calgary.

In addition to that, I also pointed out and indicated the presence in every telephone book in the province of Alberta of a pollution emergency response number and Alberta safety services response number.

We received, Mr. Speaker, some 300 calls from individuals in the area. All of them were filed and tabulated, and in the subsequent weeks since that time, Alberta Environment has been providing information to individuals within the Attorney General's department, and they are assessing that information. As recently as Monday of this week, a meeting was held between officials in Alberta Environment and officials in the Attorney General's department, and at this point in time no decision has been made by way of a recommendation to the Attorney General to determine one way or the other whether charges will be or will not be laid.

The point remains, Mr. Speaker, that part of the information that has been provided to the Attorney General's department is knowledge of a list of some 300 individuals who had provided information to Alberta Environment. It's also my understanding that the two individuals in question that the Leader of the Opposition is referring to today had also provided information to the Calgary city police. That information has also been made known to individuals in the Attorney General's department.

MR. MARTIN: Mr. Speaker, I can't believe the answers I'm getting from this minister. The minister talks tough, blustery all the time about how he's going to go after the polluters and what a good job they're going to do investigating, and two key people who even attempted to get hold of the Department of the Environment were not even interviewed, and the minister is making excuses. In view of this investigation and in view of the way it's been handled, would the minister himself seriously consider resigning over this matter?

MR. KOWALSKI: Mr. Speaker, the very emphatic answer to the question posed by the Leader of the Opposition is no. I have undertaken since March 29 a determined effort to ensure that a case is being built that would provide individuals within the Attorney General's department a position whereby a recommendation can be made to the Attorney General that charges can be laid.

I understand there is something in jurisprudence called prosecutorial independence. On the one hand, the Minister of the Environment and those officials associated with him in the department have clearly received the input from the two individuals the Leader of the Opposition is talking about. I have a sheet of paper from that particular time in front of me -- and perhaps we could ask the page to have copies made and circulated -- which clearly indicates that information was provided. I repeat: that is part of the evidence base that has been assembled, and part of the evidence base that has been transferred

to the Attorney General's department is acknowledgment and knowledge of phone calls that have been provided to us.

I followed up yesterday afternoon, Mr. Speaker, when a call came to my office -- as I understand, during question period when I was in here, and I was notified of it at the conclusion of question period -- directing individuals to go from Alberta Environment to talk to these two individuals in Calgary. One was talked to this morning, and the report given to me around the noon hour was that no new evidence has been provided to us. Now, I understand that in the last hour and a half to two hours the second individual had been talked to, and once again the conclusion is that no new evidence has been provided to us.

It's also my understanding, Mr. Speaker, that when officials from Alberta Environment arrived at the place of work of one of the individuals who called yesterday, the individual said that he could not talk to the investigators from Alberta Environment in his office and that they would have to go down to the lobby of a particular building in the city of Calgary. So the interview took place in the lobby, and midway through the interview . . .

MR. SPEAKER: Thank you, hon. member.

DR. BUCK: Mr. Speaker, to the hon. Minister of the Environment. To the hon. Leader of the Opposition: I don't think he'd resign; he likes that job. That doesn't mean maybe he should or shouldn't.

The question to the hon. minister: in light of the fact that he's now had a fair amount of experience in his department as head of that department, is the minister in the position to indicate at this time if he thinks there's a genuine need for an environmental ombudsman who can take calls without worrying if it's going to be acted upon if they have an environmental concern, to direct them to that environmental ombudsman?

MR. KOWALSKI: Well, I think, Mr. Speaker, the point is . . . I'm now being a bit redundant with this. The fact of the matter is the call was acted on. It's not a question of the call not having been acted on. I guess it's a question of the perception in the mind of the Leader of the Opposition that basically someone should have received a written letter back saying, "Thank you very much for your input," and perhaps that's something I would be happy to consider.

In terms of the question of an environmental ombudsman, that has been a matter I've given some thought to in the last year, and it's a matter that I intend on giving some further thought to in the future. I'm not satisfied at the moment that we need in the province of Alberta an environmental ombudsman. I think what we need is a significantly more aggressive approach taken by the department that I'm the minister of.

MR. TAYLOR: Surely, Mr. Speaker, in the question to the minister, it shouldn't be hard to track down a cloud of brown toxic gas wandering across south Calgary. There can't be that many people or machines emitting that occasionally. Now, would the minister go this far: if he will not admit that his department, his investigation, has been sloppy and shoddy, will he agree to resign in two weeks if he can't lay charges?

MR. KOWALSKI: Well, Mr. Speaker, I cannot accept at the moment that the investigation has been shoddy or anything else. I would like to point out once again the subject matter prosecutorial independence. It's my understanding in the rules of this business that in essence it's my duty and my respon-

sibility, a duty and a responsibility that I've upheld with every degree of energy in my body, to in fact present the information that we've been able to gather to an independent group of individuals who are all trained in law, who will then assess to see whether or not there is a package of information that would encourage lawyers to go forward with charges. That decision is made quite independently of the amount of material that's being provided by Alberta Environment.

I think, Mr. Speaker, that what Alberta needs is a tough Minister of the Environment. [interjections] I think I am a tough Minister of the Environment. [some applause] I'm going to repeat that again. I think what Alberta needs is a tough Minister of the Environment, and I think I am a tough Minister of the Environment. One thing . . .

MR. SPEAKER: No, hon. member. We're having a ballot here by thumping desks. Banff-Cochrane.

MR. STEVENS: Thank you, Mr. Speaker. To the Minister of the Environment. While the opposition members are concerned about punishment, can the minister advise what steps company officials working together with his officials have taken to review the operating practices and equipment of this situation to ensure public safety and employee safety are maintained?

MR. KOWALSKI: Well, Mr. Speaker, the review is a constant one. It always exists, and it always will exist. Be that as it may, I really believe, and I'll repeat what I said in this Assembly not too many days ago, that in this case the culprit has to be identified and charges have to be laid.

MR. SPEAKER: Second main question, Leader of the Opposition.

MR. MARTIN: Yes, Mr. Speaker, I'd like to designate my second question to the Member for Edmonton Centre.

Health Care Cuts

REV. ROBERTS: Thank you, Mr. Speaker. The Minister of Hospitals and Medical Care has chosen not to apologize to members of the medical profession whom he insulted last Friday. Again I quote from the member's own words from *Hansard*. The fact is, Mr. Speaker, he says:

that this particular fee code
that is, contraceptive counseling,
was being badly abused by some in the medical profession who were using it to pad their incomes.

The minister has since declined the invitation I made to him yesterday in the Assembly, Mr. Speaker, to put any real substance behind these very serious allegations. Does the minister intend to continue to hide behind his legislative immunity, or will he now put forward the evidence upon which these very serious allegations are based?

MR. M. MOORE: Mr. Speaker, I dealt with this matter yesterday, both in the House and outside of the House, and basically explained that the problem with respect to the fee schedule for medical doctors is that there are some, I believe, 2,000 different individual fee schedules. It was our view that the particular fee schedule that involved contraceptive counseling was a procedure or a service provided by medical practitioners that could well be done under and should be done under a number of other

fee schedules.

I outlined in a letter to the president of the Alberta Medical Association yesterday the fact that we would expect those services to be provided during the course of the annual general examination, during the course of pregnancies, and during the course of a couple of other fee schedules that I outlined. I also indicated that while perhaps "abuse" of the system may not be the best choice of words, I don't know what else to call it when practitioners -- and there are few in number who do this -- maximize their incomes by using every possible opportunity there is to bill for higher levels of fees than might otherwise be the case.

Under the circumstances where there is deliberate and fraudulent billing of the health care insurance plan, we notify, as we properly should, the College of Physicians and Surgeons, who then take action. Mr. Speaker, during the course of the past year they have reprimanded a number of physicians for that purpose. In cases where there is simply abuse of the system that we have designed, we take the action that I took last Tuesday by announcing that this particular fee schedule will no longer apply after August 1 and that practitioners would be expected to bill under other fee schedules.

REV. ROBERTS: Mr. Speaker, the minister claimed that he had such evidence last week. Does he fail to appreciate that as a minister of the Crown he must exercise a lot of care in making such statements and that these kinds of unsubstantiated claims are why many doctors, women, and others no longer trust the minister?

MR. M. MOORE: Mr. Speaker, I am concerned about having been quoted as making sweeping accusations about the entire medical profession, and I have not done that. I've said that there are unfortunately some, however few they are, who make it bad for everyone. There's a very small percentage of doctors who abuse or misuse the system. There's a smaller percentage yet who in fact bill in a fraudulent way.

Our job is to try to be good stewards of the public funds that are in the health care insurance plan, some \$900 million. I take that job seriously, and I think I have to bring to public attention from time to time and to the attention of the Alberta Medical Association areas where I think improvements can be made in the use of the funding that is provided.

REV. ROBERTS: But, Mr. Speaker, there seem to be enough doctors to force the minister to drop the fee schedule from the list.

Now, in the case of women who need to see a doctor for contraceptive counseling and services but who are not pregnant nor need an annual medical checkup, will the doctors now be forced to abuse your new system by having to bill for one service while they are actually rendering another one?

MR. M. MOORE: No. That would indeed be an abuse of the system if they were. In the case of an annual medical checkup, each individual is allowed one per year that can be billed to the health care insurance plan. I indicated to Dr. Kennedy in my letter of yesterday that we would expect when it's asked for by the patient or when the doctor deems it to be appropriate, that contraceptive counseling, sex education matters, would be provided during the course of an annual checkup, also during the course of pregnancies, during the course of a general visit that may involve other matters billed under what is called A-1 or A-2 on the fee schedule. So we would expect the doctors to

provide that sort of information there.

In addition to that, if an individual is on birth control pills and requires a follow-up checkup by the doctor, that could be billed under the A-4 schedule, which is significantly less in cost to the health care insurance plan than is the contraceptive counseling schedule. So there are indeed a good many opportunities for doctors to provide this kind of service. I also indicated yesterday that I thought we needed to beef up other areas of providing this kind of counseling that are much more effective.

MR. SPEAKER: Final supplementary, Edmonton Centre.

REV. ROBERTS: Thank you, Mr. Speaker. Since the minister has such an inside track on where all the abuses are in the system, has he investigated any possible abuse of the surgical rates on women in this province, particularly with reference to the reported high rates of caesarian section and hysterectomies?

MR. M. MOORE: Mr. Speaker, I remain concerned, as do staff in the health care insurance plan and in my department, about that matter. I'm not yet at liberty to suggest that there is any action that can or should be taken. It is more than likely a matter that should be dealt with firstly by the College of Physicians and Surgeons, because we're dealing with a particular medical practice in this case, not the method of billing the health care insurance plan.

I don't regard it as my responsibility or an area that I should be directly involved in when it comes to deciding whether a caesarian birth should be carried out or whether a natural birth should occur. That is something the College of Physicians and Surgeons and the Alberta Medical Association are going to have to deal with. The hon. member should be aware that there are a number of people in both of those organizations that are concerned about this area and actively discussing it.

MR. SPEAKER: Main question, Westlock-Sturgeon. All right, we have here now Edmonton Gold Bar followed by Calgary McCall.

MRS. HEWES: Thank you, Mr. Speaker. It's a supplementary. I'm glad to hear the Minister of Hospitals and Medical Care talk about beefing up other family planning services.

My question, Mr. Speaker, is to the Minister of Community and Occupational Health. Yesterday the minister stressed the independence of the health units. That's one thing, but government responsibility surely is another. Will the minister now be willing to make it a requirement -- since clearly his colleague thinks this is important -- that family planning and counseling be offered by all the health units in the province?

MR. DINNING: Mr. Speaker, I received last week a very excellent report prepared on pregnancy and sexually transmitted diseases in Alberta teens. In that report was a list of recommendations and suggestions on actions that we should take. And I have discussed that with my colleague the Minister of Hospitals and Medical Care, and we'll be doing so again in the days ahead. I have asked the 27 medical officers of health as well as staff in the Department of Community and Occupational Health to come back to me by July 1 with an action plan which we would hope to put in place after that time.

MR. SPEAKER: Calgary McCall.

MR. NELSON: Thank you, Mr. Speaker. A supplementary to the Minister of Hospitals and Medical Care. Considering the fact it is possible that there could be deliberate abuse of the medical care system, would the minister consider having doctors charged with fraud under the Criminal Code of Canada where evidence shows such deliberate fraud exists?

MR. M. MOORE: Mr. Speaker, the system thus far has been that when there is fraudulent billing brought to our attention by the operators of the health care insurance plan, the matter is turned over to the College of Physicians and Surgeons. They have handed out some pretty severe penalties over the years, and the question of whether or not the matter should then be referred to our Attorney General is one that I presently have under consideration.

I would hasten to add that it may be my responsibility as Minister of Hospitals and Medical Care and the minister responsible for the health care insurance plan to make that reference. But it would then be the Attorney General's responsibility to determine whether or not there's any foundation for a charge under the Criminal Code or whether or not that's a proper route to take. So that question would have to be answered by the Attorney General.

MR. SPEAKER: Westlock-Sturgeon.

Whitefish Permits

MR. TAYLOR: Thank you, Mr. Speaker. My question today is to the Minister of Forestry, Lands and Wildlife. This spring, dead whitefish have been taken from the shores of Winagami Lake in northern Alberta by the truckload. The fish have died from lack of oxygen due to the overabundance of fish because the minister's department has forbidden commercial fishing to the extent necessary to keep the population down. Because commercial fishing has been overlooked as a viable economic entity or activity in this province, particularly by some of our native population, what is the minister's excuse for allowing such an indiscriminate waste of our natural resource to take place as what happened this spring in Lake Winagami?

MR. SPARROW: Mr. Speaker, the preamble on the member's question isn't the same as the information of my staff. He's talking about truckloads. There was a report given to me that there was a small fish kill this spring due to lack of oxygen in certain places. As far as the amount of fish that were taken, the original fish licences were issued on January 12. When that fishery was open, there were some 202,000 pounds of fish taken. It was again then opened on February 26 with 62,000 pounds taken. They addressed the issue and were checking the lake. They again opened the lake on March 12, and 462,000 pounds were taken, for a total of 726,000 pounds from that lake.

Had they not taken those last two fisheries and reopened the lake twice, that oxygen level could have caused a worse problem. They mitigated the problems as well as they could have. We hope we did not overfish the lake.

MR. TAYLOR: Mr. Speaker, that's a ridiculous answer. The fish were killed by lack of oxygen. Obviously, the permit wasn't large enough. Obviously, there's incompetence. Because the whitefish's only real predator in the province is commercial fishermen, what new management policies, if any, does the minister have to make sure that this does not repeat, not only in this

lake but many other northern lakes?

MR. SPARROW: I'm glad to have an opportunity, Mr. Speaker, to address that. April 1 of this year a whole new system has been installed for commercial fishing licences, and we're under way with management plans for individual lakes with the new licensing system. We will be able to work with the commercial fishermen to improve the whole quality of their marketing and the opening and closing of lakes to match the marketing of their products so that all Albertans can have fresh fish in this province.

In the past, it's been unfortunate that all of the fish caught had to be legally shipped to Winnipeg through the fresh fish marketing board and then returned to Alberta. We have negotiated over the last two years with the fresh fish marketing board, and we now have some 15 processors in the province who are processing fish here and selling it into a legal marketplace in Alberta. Unfortunately, under the previous Liberal government in Ottawa they forced us continuously to sell all our fish to Winnipeg, sir.

MR. TAYLOR: He's got to be the greatest stand-up comedian since Wayne and Shuster. Remember, the Liberals making Albertans sell fish to Winnipeggers: now, that's a good one. I'm sorry, Mr. Speaker, I'm trying to contain my laughter.

To the minister. Could he tell us, in view of the shortages of markets -- even Winnipeggers are not buying enough fish -- what he is doing to try to develop markets, in point of view of the fact that we have these free trade talks going? What is he doing to try to develop markets for our local fishermen in the United States?

MR. SPARROW: Under federal/provincial agreement, Mr. Speaker, for many years all marketing of fish was done by the fresh fish marketing board out of Winnipeg. All fishermen in the freshwater area throughout Ontario, Manitoba, Saskatchewan, and Alberta have been compelled, as I mentioned earlier, to ship their fish to that fresh fish marketing board. As recently as the last several weeks we've had more applicants for processing fish right here.

The best thing we can do to help the market of our local fishermen is to increase the awareness and availability of fresh fish in the marketplace in Alberta. Not all stores carry fresh whitefish, and with these 15 new processors, gradually that will take place. We are also working very hard with Agriculture on that awareness of using Alberta products, and fresh fish from our lakes here is definitely one of them.

We also would like to make the member aware that whitefish is a sport fish too. In many lakes in the province ice fishing for whitefish caught by hook is a sport. It's not all done by commercial fishermen. It's a recreational sport too.

MR. TAYLOR: Final supplementary, Mr. Speaker. The Wheat Board does not prevent the Minister of Agriculture looking for markets for wheat. The fish board does not stop this minister from looking for markets for fish.

But in view of the announced new fishing policies which I understand, the way the minister announced it now, are going to be lake by lake, when can the commercial fishermen of this province expect a definite announcement? Or are we going to have to sit around and wait for incompetent decisions like the Minister of the Environment is putting forward before we will find out what your decisions and what your policy will be?

MR. SPARROW: Mr. Speaker, announcements were made, and meetings with fishermen throughout the last three years have created that policy. April 1 they all started buying their new licences, and they are quite aware. All of our offices throughout the province have been dealing directly, one-on-one, with every commercial fisherman. They're aware of the new policies, the new licensing, and for several years they have discussed and finally approved the policy on the lake-by-lake basis. It will take us about two years to finalize, we hope, the management plans of all the major lakes. We are obtaining input from fish and game clubs throughout the province, recreational fishermen, and commercial fishermen on a lake-by-lake basis, to come up with that long-term management plan. It looks at a five-year cycle of what should be happening on each lake for both sports fishing and for commercial fishery. A lot of progress has been made, and we hope that now that the new licensing system has been approved by Ottawa and the new regs are in, we can actually get on with the job of doing it.

Mr. Speaker, my assistant deputy minister is the chief fisheries officer in the province of Alberta. He's appointed to that position by the minister of fisheries in Ottawa, and we administer the regulations on behalf of Ottawa, as it is federal legislation. It did take us a long time to get those rules and regulations changed. They're in progress, and I thank my federal colleagues for moving them through as rapidly as they did.

DR. BUCK: Mr. Speaker, a supplementary question to the minister. Is there any monitoring of the oxygen level that goes on in some of the large lakes that do have commercial fishing, or is there any monitoring of oxygen levels at all during the winter season?

MR. SPARROW: Yes, Mr. Speaker, there is. We can't assure you that each and every lake is. All the key areas where we know there is a problem, our staff are directed to monitor those levels.

MR. SPEAKER: Edmonton Glengarry, followed by Stony Plain.

MR. YOUNIE: Thank you, Mr. Speaker. I would like to know what steps the minister has taken to ensure that actual sales of whitefish do not exceed the total quotas set by his department.

MR. SPARROW: Mr. Speaker, that's an irresponsible question, because you can't sell more than what you catch.

MR. SPEAKER: Stony Plain.

MR. HERON: Thank you, Mr. Speaker. To correct any false impression -- that is, the more you fish a lake you could prevent oxygen starvation -- would the minister please confirm that oxygen starvation is more a function of snow cover and decaying plant growth than it is fishing levels?

MR. SPARROW: Yes. Thank you for asking me the question. You're very definitely right. It has to be monitored on a continuous basis, and the biologists do monitor where they feel there is a problem. With the number of lakes we have in this province, it would be almost impossible to do them all, but the major lakes that are fished both for sport fishing and commercial fishing are monitored.

MR. SPEAKER: Question period will now go upstream to the Member for Little Bow, followed by Calgary Fish Creek.

Grain Transportation

MR. R. SPEAKER: Very good, Mr. Speaker.

My question is to the Minister of Agriculture. Some 47,000 CN and CP workers could possibly be on strike as early as mid-June. I'd like to ask the minister with regards to that possible rail strike whether the minister or the associate minister has a plan in place by which we can continually monitor and as well urge policy decisions on the federal government either while discussions are in place or not in place?

MR. SPEAKER: That's a hypothetical question, but relating to what plans are being developed, yes.

MR. ELZINGA: Yes, Mr. Speaker, because of the seriousness of the situation, maybe I could share with the hon. Member for Little Bow that we are monitoring it from our own office. It has been relayed to us that Doug Stanley, the federally appointed conciliatory commissioner, is going to meet with the unions on June 9, and after that time he is going to be making a report to the federal Minister of Labour. Hopefully at that time both sides will see the wisdom of his recommendations to the Minister of Labour, but at this time we are optimistic that it can be avoided.

We are monitoring it very closely, as I indicated some days ago, to the extent that we also did communicate our deep concern for the minister to take preventive action by way of a telex, and we followed it up with an additional letter outlining the importance of making sure that our railways continue to run.

MR. R. SPEAKER: Mr. Speaker, a supplementary to the minister. Could he indicate whether in the communicate the suggestion was made that railway workers could be declared as essential service personnel as one of the solutions to this problem?

MR. ELZINGA: Mr. Speaker, that suggestion was not made, and part of the reason why it was not made was that we didn't feel that at this time we should tie the hands of the federal minister. We felt we should leave him the flexibility to deal as best he could to resolve the situation, recognizing the serious urgency of it.

MR. R. SPEAKER: Mr. Speaker, a supplementary. Would the minister be prepared, in the strategy from Alberta, to recommend, if necessary, that the crop year be extended in the event of the strike in terms of a long week so that the current prices of grain, which are low in themselves, could be used in that long year commitment?

MR. ELZINGA: Mr. Speaker, I would be open to making that suggestion, as we did last year. As the hon. member is aware, we did make that recommendation to the federal minister, and the recommendation was accepted to the extent that they did not disallow any late shipments, to take into account the better prices of last year. We are open to making that suggestion in the event that the elevators do become congested again.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. This is with regards to the grain stock in Alberta. Has the minister indicated the grain stock in Alberta to the federal minister

and the seriousness of the situation and the effect it could have on our farmers?

MR. ELZINGA: Yes, Mr. Speaker, we did. And I should share with the hon. member that we did so by way of a letter as a follow-up to the telex, whereby we outlined the possibility of actual cash flow reductions to the farming population in the event that the railways did go on strike.

MR. FOX: Mr. Speaker, a supplementary to the minister. A conversation with an elevator agent in the village of Lavoy indicated to me that there is a shortage of railcars in that shipping district currently, and they are concerned, especially with this possible work stoppage looming in the future. I'm wondering if the minister received any other representations in that regard.

MR. ELZINGA: To date, no, Mr. Speaker. But in the event that the hon. member would like, we're more than happy to make representations for a reallocation of cars to specific elevators. Or if he wishes, he can do so himself. But we're more than happy to do it for him, if he wishes us to.

MR. TAYLOR: If I may, Mr. Speaker, back to the same minister, back to the original question of a possible labour strike causing stoppages in transportation. In view of the government here and also the government in Ottawa's commitment to letting free market forces and prenegotiations take place and the possibility of a strike therefore going ahead, would the minister consider establishing a fund from which advance payments or loans could be made to the farmers in the case of a strike to tide them over the cash shortage period, to be recovered later on when the strike is settled and the grain is sold?

MR. ELZINGA: Mr. Speaker, I'm sure there is merit to the hon. member's suggestion, but it would be more appropriately put to the federal level as it does fall under their jurisdiction.

MR. SPEAKER: Member for Calgary Fish Creek, followed by Edmonton Strathcona.

Birth Control Literature

MR. PAYNE: Thank you, Mr. Speaker. There's a publication entitled *A book about birth control*, produced by the Montreal health centre, that's reportedly being used by the sexuality division of Calgary Health Services in its education programming. I'd like to ask the Minister of Community and Occupational Health: in view of the explicit language and explicit illustrations within the publication, could the minister clarify for the Assembly today this government's policy regarding the scope or scale of distribution of such a publication?

MR. DINNING: Well, Mr. Speaker, I have the assurance of the Calgary board of health that this is a document that is not distributed on a mass basis. It is a book of information for professionals so that they can provide family planning services, sexuality education, or sexuality counseling. It is not for mass distribution; it is for use by professionals only.

MR. PAYNE: A supplementary, Mr. Speaker. I would like to draw to the minister's attention that on the inside cover of the book it says that this publication is sold to organizations and is meant for mass distribution. In view of that reference to mass

distribution. I wonder if I could ask the minister: would he be prepared to confirm with Calgary Health Services that in fact distribution of this publication will be limited to health professionals and educators?

MR. DINNING: Mr. Speaker, I'm very aware of the concerns of the hon. member. He's brought them to my attention before. Other concerns, similar concerns, have been expressed in the city of Calgary. I have talked to the Calgary board of health as early as this morning and have had their assurance that this booklet is for the use of professionals and is not provided for the general public.

REV. ROBERTS: To the minister of community health. Will he assure the Assembly that this book in question will be made available at all other health units throughout the province so that professionals and those who access those professionals may have the best possible information, however graphic, that is available?

MR. DINNING: Mr. Speaker, as I've said so many times in the Assembly, we provide funding to local health units to put on programs that they consider a priority. We encourage them to do that. I'm very glad. I'm very grateful, that the Calgary board of health has seen fit, as other health units have, to put on important programs such as sexuality education and family planning. They receive those resources from our department. They then also receive reproductive health material from our department. They also then choose to go out and seek out material that's useful to them for the best delivery of their program.

Miscellaneous Fee Increases

MR. WRIGHT: Mr. Speaker, my questions concern the recent government fee increases in miscellaneous departments for miscellaneous services, consequent on budget cuts. My question is to the Treasurer or whichever other minister can answer the particular point, which is that these fees are to be financed via Mastercard and Visa instead of miming accounts, as was the case before. Will the Provincial Treasurer or the minister involved on behalf of the government state and justify the arrangements made with Mastercard and Visa?

MISS McCOY: Mr. Speaker, the question wasn't precise, but I do know of one instance in which it has been occurring and that is in corporate registry, which falls within the Consumer and Corporate Affairs portfolio. I'm sorry; I didn't hear any precise question being asked.

MR. WRIGHT: To explain and justify.

MISS McCOY: In brief form, Mr. Speaker, those fees are introduced for telephone searches, and they are being continued for counter searches of companies in corporate registry. It was part of the budget exercise. As you may recall and members may recall, in the budget speech there was reference to fees being increased across government.

MR. WRIGHT: Mr. Speaker, that's so, but my question really was as to the arrangements with Mastercard and Visa that the government makes to finance the method of payment of the fees instead of running the accounts, as used to be the case. Why was this so?

MISS McCOY: Well, Mr. Speaker, in the instance at corporate registry it was thought that it would be a convenience for the clients who are using the search services. There have been some clients who have indicated that it is not convenient for them. The department is implementing now a charge account system for those clients so that they can continue their searches in a way that is most convenient to the entrepreneurial spirit that prevails in Alberta.

MR. WRIGHT: Thank you. In the minister's own department she has mentioned company searches by telephone. These have increased in cost from nothing to \$5 for a single search. Now, that's just reading information off the computer. Mr. Speaker. Can the minister justify such a very large increase and the basis on which a \$5 fee is fixed?

MISS McCOY: Most certainly, Mr. Speaker. The information is on computers. In some instances it's also on microfiche. We have a phone bank of operators who are taking calls every minute of the day. We have those employees, who are skilled, and of course their salaries are included in the cost. We have of course the cost of the building, the cost of the electricity, the cost of the entire support staff in corporate registry, which has some 150,000 corporate names on registry. I think the costs, when all in, probably more than exceed the cost of each individual search.

MR. WRIGHT: To the Minister of Hospitals and Medical Care then. One such fee increase in his department is from nothing to \$30 for supplying a reprint of the services rendered in the previous year in the cases where particular citizens have lost theirs or never received them but need them. That again is just reproduced from the computer, Mr. Speaker. I wonder how such an enormous charge for that service can be justified.

MR. M. MOORE: Mr. Speaker, I'd be pleased to check into that matter and report.

MR. MITCHELL: To the Minister of Consumer and Corporate Affairs. Speaking of fee increases, could the minister please justify for the House the increase in mutual funds salesman's licensing fees from \$50 to \$300, one time, all of a sudden, which is certainly an onerous burden on a wide variety of self-employed individuals in our economy today?

MISS McCOY: Mr. Speaker, mutual funds salesman of course generally work on a commission. The up side of their salary is very high, and \$300 a year for their annual practising licence or fee certainly pales beside that which a practising member of the bar would have to pay, as one analogy.

The other point I might make is that the, as it's called, licensing fee for these salesman has not been increased -- I believe my information to be correct when I say for 30 years -- and it seemed as if we might move into the contemporary world by bringing the costs and the fees into line.

Oil and Gas Industry Deregulation

MR. PASHAK: Mr. Speaker, for the sake of an ideological agreement, deregulation has put consumers and the economic future of the province of Alberta at risk. The Minister of Energy has finally addressed loss of our traditional jurisdiction over prices in other provinces, but he's clearly waited too long, as

producers have suffered reduced netbacks, the province has suffered reduced revenues, and Alberta consumers have seen no benefit. To the Minister the Energy: where was the minister last October when producers told him that the Western Gas Marketing deal for Ontario would cost them \$250 million a year? Was he asleep?

MR. SPEAKER: The time for question period has expired. Is there unanimous consent for this line of questions to be completed?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried.

DR. WEBBER: Well, Mr. Speaker, I would urge my colleague not to get too excited. It's hard on his blood pressure to get so excited like that. But last year we were with the oil and gas industry in this province addressing the very important issue of natural gas deregulation. The hon. member should remember that the process of going into deregulation -- the decision was a joint decision between the producers in this province, the governments of Alberta, Saskatchewan, and British Columbia, and the federal government. The objective of deregulation was to allow producers and consumers to enter into long-term contracts and short-term contracts where appropriate. One of the main reasons that the producers were in agreement with that was so they could have access to that United States market. So at the time the deregulation decision was made, it was the agreement of all parties.

Now, since that time there has been the significant fall in world prices of oil, as the hon. member knows. A number of things have happened that have thrown barriers in the process of deregulation, and we are addressing those problems on an ongoing basis. You can be assured, Mr. Speaker, that we will not agree to proceed with deregulation until all those barriers are removed. So we're taking steps appropriately, one at a time, to make sure that the interests of the producers and consumers of this province are taken care of.

MR. PASHAK: Mr. Speaker, Ontario is still our best customer. Can the minister confirm that in the same discount deal for Ontario residential users negotiated last fall, the provincial royalty share fell by 24 percent while our producer netbacks fell by 50 percent?

DR. WEBBER: Well, Mr. Speaker, the hon. member again fails to recall that we had a significant drop in the world price of oil, and the natural gas prices fell accordingly where natural gas was in competition with fuel oil. We would not have been able to compete in that market if we had not been able to have our natural gas prices reflect what the competitive prices were for fuel oil and other sources of energy.

The deal between Western Gas Marketing and the utilities in Ontario, Quebec, and Manitoba showed a discount reflecting the surplus of supply that we have as well as the fact that there had been the fall in world oil prices. That discount was some 20 cents, if I recall, into the Ontario and Quebec markets, and that particular deal is now looked upon as a good deal for our producers in his province.

MR. PASHAK: Mr. Speaker, will the minister confirm that he failed in his attempts to sell the industry on a reference price for

gas royalty calculation and that the more drastic method of permit refusals is his last available means of raising this year's resource revenues above their lowest level since 1975?

DR. WEBBER: No, they're not, Mr. Speaker.

MR. PASHAK: Final supplementary, Mr. Speaker. Given that denying export permits and par pricing are the only ideas to come out of the minister's office, what is the status of the par pricing idea? Has the minister succumbed to an industry veto of an interim par price for gas or not?

DR. WEBBER: Mr. Speaker, we are reviewing our whole royalty structure in the natural gas area, and we have had consultations with the industry with respect to the par value for natural gas. That concept will be considered in the overall royalty review, and so we will not be taking any immediate steps to introduce any par value at this time or in the next couple of months.

But I have trouble, Mr. Speaker, with the insinuations and the comments by the hon. Member for Calgary Forest Lawn. I have to come to the conclusion that in view of the policy of that party, if we carried that out, we would not have markets for our natural gas and our producers in this province would be in dire straits.

MR. TAYLOR: If I may, Mr. Speaker, a supplementary to the minister. When you have a free market to the consumer, one of the ways of controlling pricing or getting fair pricing is supply management, as any farmer will tell you. Is the minister considering any studies to manage the supply of natural gas to our customers in such a way that we can push the price up?

DR. WEBBER: Well, Mr. Speaker, as the hon. member should know, the reason for our going to natural gas deregulation was to allow market forces to take place so that we could take care of the supply that we have. The demand that is out there in the United States hasn't resulted in our producers in this province having access to that market to the degree that we want it. For some time now there have been predictions that that market would open up soon. We are still forecasting that that market will open up relatively soon, and at that stage the supply situation in this province will be such that we will be able to deal with the demand in the United States, which will be to the benefit of our producers.

MR. SPEAKER: The time for question period has expired. The Chair has received notification of points of order from Edmonton Glengarry, followed by the Minister of the Environment.

MR. YOUNIE: Thank you, Mr. Speaker. I would rise under *Beauchesne* citation 320.2. After my question the Minister of Forestry, Lands and Wildlife referred to my question as irresponsible. Irresponsible is cited as being unparliamentary, and in this case I would say it was also inaccurate. To call that question irresponsible would be like calling someone irresponsible for asking for radar traps because we all know it's illegal to speed. I know it's illegal for people to sell more fish. I'm questioning whether or not he is checking on . . .

MR. SPEAKER: Order please, hon. member. The point of order is to make the point, not to go on and carry on discussion that took place in question period. The point of order is made, and the Blues will have to be checked, unless the minister indeed agrees that such a phrase was used and is prepared to withdraw it. The Chair does not remember hearing it at that time, but if so, so be it, Minister?

MR. SPARROW: Yes, Mr. Speaker, I will withdraw the comment if it bothers the individual and apologize for the use of that phrase. Another term may have been used.

MR. SPEAKER: Thank you, hon. minister. Minister of the Environment.

MR. KOWALSKI: Thank you very much, Mr. Speaker. During the question period this afternoon, during a question addressed by the Member for Westlock-Sturgeon to the Minister of Forestry, Lands and Wildlife, the Member for Westlock-Sturgeon used certain words that I believe violate the following sections of *Beauchesne* 357. Is it in order to quote by way of this at page 129 in *Beauchesne*? Section 357 of *Beauchesne* reads, and I quote:

The traditional restrictions on questions are those listed in *Beauchesne*'s Fourth Edition at citation 171, which is as follows:

"171. In putting a question a member must confine himself to the narrowest limits.

"In making a question, observations which might lead to debate cannot be regarded as coming within the proper limits of a question.

"The purpose of a question is to obtain information and not to supply it to the House.

"A question oral or written must not:

- (a) be ironical, rhetorical, offensive, or contain epithet, innuendo, satire, or ridicule.
- (f) contain an expression of opinion.
- (g) be hypothetical.
- (h) contain inferences.
- (i) contain imputations.
- (q) contain or imply charges of a personal character.
- (t) impugn the accuracy of information conveyed to the House by a Minister.

Further to that, Mr. Speaker, I would like to draw to your attention and to the attention of hon. members *Beauchesne*, section 359, which states:

A brief question seeking information about an important matter of some urgency which falls within the administrative responsibility of the government. . . is in order [but]

(1) It must be a question, not an expression of an opinion, representation, argumentation, nor debate [and]

(7) A question must adhere to the proprieties of the House, in terms of inferences, imputing motives or casting aspersions upon persons within the House or out of it.

Mr. Speaker, I sincerely believe that as a result of those questions that I have quoted from *Beauchesne* 357 and 359, certain words used by the Member for Westlock-Sturgeon certainly are in violation of these two sections of *Beauchesne*. As a result, I would ask that the Member for Westlock-Sturgeon

withdraw those words that fall under these categories and were directed to the Minister of the Environment in today's question period.

MR. SPEAKER: Westlock-Sturgeon to the point of order or . . .

MR. TAYLOR: Mr. Speaker, I described the hon. Minister of the Environment with so many adjectives it's hard for me to recall. I do not think I infringed on *Beauchesne* or against the rules of this House. What I will do, if it's all right with you and the House, is examine the Blues and if indeed I have transgressed against propriety in any way, I will withdraw. Right now my feelings are that all I did was say the minister is incompetent, and I don't think that's justifiable.

MR. MARTIN: That's a fact.

MR. TAYLOR: That's a fact and can't be questioned.

MR. SPEAKER: The Chair looks forward with keen anticipation to see what the results of this discussion on the purported point of order will be tomorrow. However, the Chair also carefully followed the various citations as made by the Minister of the Environment. The Chair once again would direct all interested members of the House to read through *Beauchesne* 359 and 360 as they relate to question period. There are those experts within the House and some pseudoexperts outside the House who have all sorts of interesting opinions with respect to questions that are indeed in order. It might be worthy reading for some of the observers of this House to go and read *Beauchesne* 359, because indeed a number of the questions -- if 359, for example, let alone 357, was strictly adhered to there'd be absolutely no questions asked in question period on some days.

As mentioned, the Chair looks forward to the Member for Westlock-Sturgeon reading through the Blues and taking appropriate action, if necessary, tomorrow.

ORDERS OF THE DAY

MR. SPEAKER: Might we revert briefly to the introduction of guests?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Member for Vegreville.

head: INTRODUCTION OF SPECIAL GUESTS (reversion)

MR. FOX: Thank you, Mr. Speaker. It's my pleasure to introduce to you and to members of the Assembly today, 34 students from grades 6, 7, 8, and 9. They've traveled here today from the Lavoy community school to visit the Legislature. They're accompanied by two teachers, Mr. David Stuart and Mrs. Joanne Freed. They're seated in the public gallery. I'd ask them to rise and receive the warm welcome of the members of the Assembly.

REV. ROBERTS: I'm very pleased today also, Mr. Speaker, to introduce to you and through you to members of the Assembly, and with permission of the Minister of Culture, though I see he's just left, a certain flutist with the Edmonton Symphony or-

chestra. Shelley Younge is with us -- I might also add that Shelley Younge is my wife -- and I would ask her to stand and would ask that all members welcome her to the Assembly.

head: **COMMITTEE OF SUPPLY**

[Mr. Gogo in the Chair]

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

**ALBERTA HERITAGE SAVINGS TRUST FUND
CAPITAL PROJECTS DIVISION
1987-88 ESTIMATES OF PROPOSED INVESTMENTS**

Department of Energy

MR. CHAIRMAN: Today we're dealing with the Department of Energy, the minister the Hon. Neil Webber. Before we proceed, perhaps hon. members would indicate to the Chair if they're interested in making comments, observations, or amendments to the vote.

Hon. minister, would you care to make opening comments to your vote found on page 5?

DR. WEBBER: Thank you very much, Mr. Chairman. I'd like to make a few remarks as it relates to the vote of \$20.8 million for the Alberta Oil Sands Technology and Research Authority, \$20.8 million from the Heritage Savings Trust Fund. As hon. members would recall, AOSTRA, the Alberta Oil Sands Technology and Research Authority, is now funded from both the general revenue of this province and the Heritage Savings Trust Fund, and while we were involved in the estimates, there was some \$30.1 million allocated for AOSTRA from that source and from the trust fund, as I said, \$20.8 million.

Mr. Chairman, the production of synthetic crude and bitumen from our oil sands in this province is making a valuable contribution to our total overall production of oil. This year some 15 percent of our total oil production is coming from the production of synthetic crude and bitumen. AOSTRA has played a significant role in that growth in the some 12 to 13 years that AOSTRA has been in existence. Of course, the private sector has been involved as well as AOSTRA. In many instances joint ventures or joint funding of projects have led to the development of technology that has enabled the oil industry to make inroads in the oil sands and the heavy oils area. In fact, several new commercial in situ projects in the Peace River country, in the Cold Lake oil sands deposits, and also in Alberta's heavy oil deposits are the result of AOSTRA's developing technology which, as I said, permitted those projects to be proven, or the technology was proven to allow those projects to proceed.

AOSTRA is involved not just in the oil sands and the heavy oils, but it has exerted considerable effort into trying to develop technology for enhanced oil recovery from the depleted conventional oil fields and also assisted research at our universities, worked together with the Alberta Research Council on projects, and in 1983 provided assistance to individual inventors in this province for work in the oil sands and heavy oils area. Also, as hon. members may recall, AOSTRA earns the rights to the technology and makes them available for commercial use, and AOSTRA does receive an income from the sale of those technologies.

Mr. Chairman, the recent appointment of Mr. Bill Yurko as

chairman of AOSTRA is a very significant event, given the technical background, the engineering background, and the skills of that gentleman. This appointment, of course, was the result of a search and the committee's reviewing the recommendations from that search, and Mr. Yurko has already started his work as chairman. Among his many duties is preparing for a world conference in 1988, to be held here in Edmonton, on oil sands and heavy oils. That's a very significant conference. We expect some 2,000 to 3,000 attendees from around the world dealing with the technologies related to shale development, oil sands development, et cetera.

With the reduction of expenditures on research for AOSTRA, AOSTRA will be putting a focus on the technologies related to upgrading for the purpose of enhancing job opportunities in Alberta should those projects become commercial. Of course, we want the value added for those projects to be here in Alberta rather than for those value-added projects to be built at the other end of the pipeline. Obviously with the reduced expenditure, AOSTRA will have to be more selective in the choosing of their projects.

Consideration will also be given, Mr. Chairman, to seeing whether or not the federal government would be willing to participate possibly in funding of AOSTRA. I pose that only as an idea for consideration and one that we are considering, as to whether we should be approaching them or not. Because over the years we have contributed some \$350 million into research through AOSTRA and the federal government has not been involved in the funding of those projects, except occasionally on a case-by-case basis.

MR. CHAIRMAN: Excuse me, minister. Could we have some order in the committee, please. Hon. minister.

DR. WEBBER: Mr. Chairman, that is one idea we are considering.

One particular project where they are providing some \$3.5 million is in what is called our underground test facility, just north of Fort McMurray near the Syncrude plant. Hon. members should take the opportunity if they can to visit that particular site. It involves a rather unique idea. I visited the facility recently. You enter a mine shaft by going down some 600 feet below the oil sands. This is an area where there is a significant overburden, so it's too costly to remove the overburden to get at the oil sands. So there's this mineshaft underneath in the limestone area, and they have an oil well in this mine. This modified oil well is drilling for oil, only they're drilling upwards. They're drilling up into the oil sands, Mr. Chairman.

The crew that are working on this oil rig are roughnecks who've been drilling for years out on the prairies. In talking to them, they suggested that this was an ideal environment for working, a nice, warm indoor situation. Where they've been used to the freezing cold and rain out in the prairies in drilling, here they were comfortable in an underground mine. But the idea is to drill parallel holes up into the oil sands and inject steam up one hole and then the oil from the oil sands would flow by gravity down the other one. They would space these pairs some 25 to 30 feet apart. The private sector is becoming very interested in this particular technology. I think it's really worth while for hon. members that would have the opportunity not only to visit Syncrude and Suncor when they go to Fort McMurray but to visit this underground facility. I mentioned that one particularly because it is a facility where AOSTRA is significantly involved to the tune of some \$50 million. There

will be an official opening of this particular project on June 29, 1987, I believe is the date.

Mr. Chairman, those are a few remarks about AOSTRA and oil sands, but I think it's important to add the importance of proceeding to do research in our oil sands and heavy oil areas because of the security of supply problems this country faces -- not only this country but the United States as well. I think if we look forward to the mid-90s, we will see the opportunities there will be for us, if we are bold and take the initiatives today, to develop upgraders, develop oil sands plants, and have the private sector involved, of course, not only in those but in developing our heavy oil areas as well.

But the demand for oil and oil products is going to increase significantly. I'd like to indicate that in 1986 the total demand in the United States was some 17 million barrels per day. The United States production, the production from the lower 48 and also from Alaska, represents 64 percent of that, so they import some 36 percent of their oil and oil products. About 5 percent of the total comes from Canada, where in 1986 we sent in approximately 800,000 barrels a day, 790,000 barrels a day. In 1995 their demand is expected to increase to almost 18 million barrels per day, but their own production will have been reduced from 64 percent of their total requirements to 43 percent of their total requirements. In other words, instead of importing 36 percent, they'll have to import some 57 percent of their needs. Thus that growing U.S. potential market, significant market, provides opportunities for our Canadian oil products.

I mentioned when I made my first opening remarks, Mr. Chairman, that 15 percent of our total production in this country comes from synthetic production primarily from Syncrude and Suncor and that we are importing approximately 2 percent of our . . . The net import is about 2 percent right now in 1986, and we expect that to increase to some 35 percent in 1995. So when you look at these numbers closely, Mr. Chairman, you see the tremendous potential, the tremendous need, for oil production in the future, a need not only in this country but in the United States. So as I said earlier, if we are bold in our initiatives of applying new technology to these oil sands and heavy oil areas and develop these projects, the market will certainly be there down the road.

Mr. Chairman, I would also like to acknowledge the fine work of the members of the board of AOSTRA, I think they've done an excellent job over the years. Mr. Maurice Carrigy, acting chairman for a number of months now, has done an excellent job. He has graciously agreed to stay away from early retirement for some months to come so that he can assist in the transition of the chairmanship. Not only Mr. Carrigy but other members of the board have done an excellent job, including our relatively new member on the board from Redwater-Andrew, who sits in this House and who I see is going to make some remarks as well.

So those are my opening remarks, Mr. Chairman.

MR. CHAIRMAN: Thank you, minister. Hon. members, the Chair would remind you of section 62 of Standing Orders where we deal specifically with the matter before the committee, the Alberta Oil Sands Technology and Research Authority.

Hon. Member for Calgary Forest Lawn.

MR. PASHAK: Thank you, Mr. Chairman. I'd like to begin by saying that our party supports in principle the work that AOSTRA is doing. I appreciate what the minister had to say in terms of what AOSTRA has been doing in terms of contributing

to the recovery of heavy oil and also to the co-ordination role it's playing in terms of developing research teams. In light of its importance and taking into account that we're experiencing severe budgetary problems at the moment, my first question to the minister would be to explain just why it is that we've cut back on the amount to be voted as far as AOSTRA is concerned. It seems to me to be a relatively significant amount.

Having said that, maybe we could just look at the figures. The figure for this year is \$20.8 million, whereas the comparable estimate for last year was \$31.4 million. That is a significant sum. [interjection] The hon. member has just informed me that he can read. I'm glad he informed me of that, because I wasn't sure that was the case.

In terms of the projects that are being financed in the tar sands, the minister used the word "overburden" when he talked about some of the research that was going on there. I've also encountered that word before. I was one of the pioneers up in the area around Fort McMurray. As a young man, I went up there with the seismic crew and our job was to do exactly what he said: measure the overburden on top of the tar sands deposits. I always thought that's really a strange word, because you're talking about that land that is productive, the land that contains the trees and the animals. But from a certain geological perspective, it does become overburden. But I've taken a keen interest in that area ever since that time. When I was up there, there were only two ways to get into the town: you either flew in or you took a rickety old railroad. And that wasn't that long ago. So the change in that part of the world in a few short years is rather enormous.

I would like to get back, though, to some of the projects that are being dealt with here. I'm not sure these are actually ones the AOSTRA people have had a hand in, but they're the kinds of projects they typically get involved with. One had to do with the Burnt Lake project, a \$95 million project that was put on hold last year. In talking to some of the engineers and scientists at that project, they were really quite concerned because they felt that if that project had to be mothballed or put on hold, those teams would be broken up and it would take a long time, perhaps five years or more, to replace the teams.

I ran into the same expression of concern when I went to the annual general meeting of Husky Oil company. I've had the pleasure of meeting Li Ka-Shing and that sort of thing. But I also talked to the chief project officer for their Husky oil upgrader and he expressed the same concern, that if that project didn't begin within a very short period of time, again they would have to dismantle and break up their teams, their engineers and their scientists. These people might leave the province, go to other parts of the world, or maybe even change occupations. There's no telling what would happen. At the moment that is a concern because Alberta does provide leadership in terms of tertiary oil recovery and in terms of these major projects. It would be a shame for Alberta to lose this lead that it has globally in this connection.

I think those are the major concerns I have with AOSTRA. As I said, we think it is a good project. We know we are facing a time of budgetary restraint, and that probably explains basically why the minister had to reduce his expenditures in this area. But I just wonder if he can find some other ways of trying to increase it so we can maintain that technological lead we have, and if he can use that technological lead to encourage some of these projects to go on stream. Because as he's acknowledged, if they don't get on stream soon, we could be looking at a serious depletion of our conventional resources and it

may be too late to bring those reserves into production when we most need them.

MR. SHRAKE: Mr. Speaker, I just have a brief little comment and a bit of a question for the hon. minister. I gather all of these projects are very capital intensive to develop and build. I guess that's one of the things we're a little short of these days in the province. But I just wonder if they have taken a serious look at some of the money, the wealth that's in areas in the east such as Hong Kong and Taiwan, and tie this in with our entrepreneur immigration program. Because I guess we were quite surprised when a person from Hong Kong came in and bought a large number of shares in one of our major oil companies, yet we do have people going over there. There are people over there that are looking for programs to invest in here and they're also interested in immigrating to this country. A lot of them have now heard of Alberta and are interested in immigrating to the province of Alberta.

I guess we have what we call the entrepreneur immigration program. Our Minister of Career Development and Employment, I guess, had some good involvement there. He's been to Hong Kong working on these types of things. I wonder if they've explored the possibilities of opening up this area, namely investment in any of our oil sands or any of our energy-related programs. It's a little way out for AOSTRA to get into this type of thing, yet I think there would be some fertile ground there to plow. Maybe they could work together with our Minister of Career Development and Employment and our Minister of Economic Development and Trade and get some of the Hong Kong money and some of those businesspeople over here to invest in these programs.

MR. CHAIRMAN: Hon. leader of the Liberal Party.

MR. TAYLOR: Thank you, Mr. Chairman.

ANHON. MEMBER: What a sample of fitness week.

MR. TAYLOR: It's not only the Minister of the Environment that can move around fast.

In looking at the budget here, Mr. Chairman, I'm constrained to worry -- and I'm going to give a few thoughts on AOSTRA. In fact, the other day I was speaking to the Canadian energy institute on this very item. One of things that concerns me, Mr. Chairman, to the minister, is that I believe we are committing too much money to be used by too few companies. And not only that. Of companies we are going to aid, five out of the six are multinational companies that can well do a lot of the research themselves.

So I think we have two things wrong in the AOSTRA budget. One is that most of the fruits of this research will go to very few companies. I think, as the minister knows, 90 percent of the oil sands, tar sands, in this province are owned by less than 10 companies. Or as a matter of fact, I think you could go farther; I believe it's as low as six companies that own 90 percent of the tar sands. I'm talking about the tar sands rather than the heavy oil areas. Heavy oil has a little broader base there.

Now, one can use the argument that the provincial government will benefit from any profits made and the royalty and so on, but you must remember that you pay anyhow for any research done by corporations, who first of all either deduct the capital costs of research from their income from the tar sands before they start paying tax or royalty, and also they have the

right, if they don't get all the recovery out of the capital costs, to get it out of the operating costs before they have to calculate income tax. So in effect we are carrying coals to Newcastle when we submit money to AOSTRA. We are putting a lot of good taxpayers' money in to help poor old run-down Esso, poor old welfare case Shell, Texaco with the elbows out of their jackets and, believe it or not, PetroCan -- one of the largest profits ever, and all this type of research is funneling into them. I question whether that is the logical thing to do. Secondly, these corporations using this will probably be able to use it elsewhere in the world. Now admittedly, I know that tar sands are not of that consequence, geologically speaking, around the world, but there are petroliferous shales and petroliferous sands in different areas that could advantage from it.

The second part, Mr. Chairman, that bothers me about AOSTRA -- and I think maybe I would suggest a change. Now, if there was some way that AOSTRA, particularly helping the heavy oil versus the tar sands people, could get an equity participation -- and I guess you might argue that the royalty is an equity participation; that would be helpful. But I would like to think that AOSTRA should switch itself more over to frontier research in energy, and that "Alberta Oil Sands Technology and Research Authority" maybe is a misnomer. I would like to think of it as an energy frontier research group that frontiers not only in hydrocarbons, which means very, very deep drilling, but it also could be frontiers in extracting gas from formation waters as gas prices come up in the years ahead. It could be in extracting gas from coal beds. It could be in situ combustion of coal or, in other words, the conversion to natural gas. It could also be out of the hydrocarbon area entirely and move into the field of wind generation and solar generation.

There I think we would have a much broader application than AOSTRA. I feel when I examine AOSTRA's report and look at it through the years that nearly 80 to 90 percent of the dollars spent here is really research that is being advantaged by six of the largest corporations in Canada -- the top six oil companies. I don't think that's an equitable investment for the taxpayer today. To talk about cutting money to education, no matter how well the hon. Minister of Education defends her case; to talk about cutting money to Social Services, no matter how well she defends her case; to talk about cutting money to medical care, and then turning around and putting \$21 million a year into an area that will be benefited by the six largest companies in Canada just does not seem a logical area to fall in.

I know tar sand research is important, but having been -- I believe I was one of the founding individuals of the Mildred Lake project -- and to help the minister, who was probably fairly young then and gadding about college rather than out there developing our oil industry, Mildred Lake was the original name for the Syncrude project when it was run by Cities Service and Royalite and Richfield. I was one of the first engineers and geologists that did the core holing on that way back in '50 and '51. So I have watched it go through the years. I watched it lose its bid against Suncor a number of years afterwards and stay dormant for nearly eight or 10 years. That's the first point I would like to make, Mr. Chairman.

And the second is a very quick one. The other thing that concerns me is that there doesn't seem to be any long-term plan here as to just how much of our oil market we will allow tar sands to take. Because one must remember that when you set up a tar sands plant, nearly always with the permit comes the fact that you will not prorate the production; you will not shut their production in. They have first call on production, because

it is very hard indeed to finance a multibillion dollar plant and then have them operate at 30, 40, or 60 percent. In fact, what happens when there is surplus of oil the producers that are always shut in are in the conventional industry. And the conventional industry in turn employs many more people per barrel than the tar sands and also is spread geographically all around the province. So the benefit of it falls in many, many areas. Lastly, it supports a much bigger service element that is Canadian owned than does the tar sands area.

So I am concerned and would be interested and would like to see some sort of long-term plan. I know this isn't directly under this, in that it would indicate that tar sands, or what we used to call synthetic oil -- it isn't really synthetic; it's just that it doesn't flow out of the ground -- and heavy oil is restricted. Well, not necessarily restricted; but if there is a restriction on the overall oil market that we can market, that the tar sand and heavy oil would be, say, 25 percent at a maximum. Of course, if we can sell everything we produce, then there is no need to have restriction. But I have a great concern that the day may come, when we talked earlier about management of supply, Mr. Chairman, that if we try to manage the supply to fit the market to keep the market up, we are indeed leaving the conventional industry hanging out to dry, so to speak, in order to make sure that the tar sand and heavy oil continue to go.

Lastly, I'd be intrigued to know just how much of this research goes into making sure that the emissions from the stacks of these plants are absolutely clear. As a matter of fact, I would like to see where the research is going to go to stackless plants. One of the things that bothers me about the tar sand research I've seen up to date is the theory that if you build a smokestack tall enough, the sulphur and vanadium and nickel will not come down until it's in Saskatchewan. Well, one of these days the NDP or the Liberals are going to get elected in Saskatchewan and we're not going to get away with dumping our crap all over their northern lakes. Consequently, I think I'd like to see how much of this research is spent to make sure that all that goes up those stacks is just the same as we have in our Legislature: only hot air, not the poisons and the toxics that are now being put up and coming down across part of northern Saskatchewan.

Thank you.

MR. CHAIRMAN: Perhaps before we proceed, hon. members, we have many young visitors in the gallery, and it may be appropriate to share with them what this Assembly is doing today. The Alberta Legislature passes laws which affect everybody. They also spend money and periodically raise money. Today we're dealing with the Alberta Heritage Savings Trust Fund, or a portion of it. It has five divisions. One of the divisions of that fund is called the capital projects division, which funds places like Capital City Park and the Mackenzie Health Sciences Centre here in Edmonton, and very important is the Alberta Oil Sands Technology and Research Authority. The Minister of Energy, Dr. Webber, is now presenting his proposition to this Assembly for almost \$21 million, and members of the Assembly are now questioning the minister as to whether that's as much as it should be or whether it's correct, and so on.

The hon. Member for Redwater-Andrew.

MR. ZARUSKY: Thank you, Mr. Chairman. This time it gives me great pleasure to participate in the discussions on the AOSTRA portion of the capital estimates. I'd just like to take the time right now to thank the minister on behalf of the staff and the board of AOSTRA for the swell work the department

has done on our behalf whenever needed, and the funding to date. Also, I'd like to thank the minister for the wise choice of the appointment of Mr. Bill Yurko as the chairman of AOSTRA. I know he's got many years of political experience and he's also a chemical engineer. He's been a M.L.A. and minister with the Alberta government and also an MP with the federal government, which is an asset because AOSTRA does deal with not only Alberta but other parts of Canada and other countries.

I was just going to make a few comments about the Member for Westlock-Sturgeon, but I see he's not here now, so I guess I'll have to keep those until maybe he comes back in.

MR. CHAIRMAN: The Chair need not remind hon. members that no reference is to be made to whether or not a member is in the Assembly. Hon. Member for Redwater-Andrew.

MR. ZARUSKY: Thank you, Mr. Chairman.

My short stay on AOSTRA, so far as I was appointed about nine months ago -- and I'll have some comments and some questions to the minister also on whatever has been done with AOSTRA as I've been there. Some of the projects that we've seen go ahead and go through in the past year are very significant and essential to heavy oil and tar sands. As you all know, the budget from the heritage fund has been cut, I think by some \$12 million, so it shows that right now the board is going to have to maybe prioritize some projects that should have gone but might have to be held back a bit. It just gives the board a time where we'll have to look at the projects more closely and see which ones should be funded and which ones shouldn't.

One project that really excites me, and the minister has touched on it, is the UTF project, the Underground Test Facility. He's explained it very well. I had the opportunity to visit the testing of this project last fall that was done near Canmore. It was tested into a side of a mountain, and the drilling did go very well horizontally. I think they went some half a mile or whatever. The lines in the pipes or the shafts didn't shift much; they followed a very horizontal line, so there was potential there. Then it was moved to its site some 17 kilometres west of Syncrude Canada at Fort McMurray. As the minister has indicated, the opening of this test facility will be on June 29, and I believe our minister will be in attendance. The minister of energy for Canada will be in attendance also, and probably our Premier. So it would be nice if all members would take the time to go out there and see this very interesting project. I think that from reports we get till now, it seems like it is working well. As the minister indicated, one line is doing the drilling and another line is pumping steam in to get this heavy bitumen flowing, which it seems to be doing right now.

Another project that has been done is the project called fire flooding. That's pumping natural gas and carbon dioxide into these wells and creating a fire below to loosen this heavy oil, because what happens is that it'll flow for a few feet and then it just seems to fill up with water and cake up and that's it. So there is testing there. But as all of you know, as the Member for Westlock-Sturgeon indicated, it should be done on a frontier basis while AOSTRA is the first one to go into partnership with many of these companies. It is a first, and there are projects that will fail, as anything else that's a first. So some of these do come true and some don't.

Another process that's been tested very heavily, and it started with an inventor's project, the Taciuk direct terminal processor. It was mainly made for surface mining. It's a fellow by the name of Taciuk that did get granting from AOSTRA on an in-

ventor basis, and he came up with this processor that can process tar sands. What it does is take the sand away from the bitumen, send it through this process, and all you get at the end is the bitumen and at the other end a nice clean sand. So it is working in that.

But the surprising thing about this processor is also that it's being tested on soil reclamation. As you all know, the United States is having problems already with reclaiming soil from oil test facilities or refineries, and their department of environment is having many problems now in cleaning this soil. As you've heard today, we've got a tough Minister of the Environment and we're going to probably have to start cleaning some of our sites up, so it looks like a process that was invented and licensed with AOSTRA might be going to soil reclamation too. It is being looked at: one company from the United States now and two Canadian companies that would want to test this process. The licensing still does belong to AOSTRA, so that would mean some royalty revenue coming back to the province finally, which is a plus.

Another thing that this processor might be suitable for is getting the bitumen out of shale. We are getting some test shale out of Australia right now. They are sending it into Alberta to test, so as you can see there is participation from other countries here.

AOSTRA also works very closely with the Alberta Research Council, and we've got some test projects going right now with the co-operation of the Research Council facility which is located in Mill Woods. So there will be some results coming out of there.

Another project that AOSTRA is very closely associated with is the inventors grant assistance program. That's anybody in Alberta that comes up with some invention or wants to try some process or invention to test different methods of extracting bitumen or oil from tar sands or wherever else. It is funded up to a maximum of \$10,000, I believe, and it is open to all Albertans or anybody else.

[Mr. Musgreave in the Chair]

As the hon. Member for Calgary Millican mentioned, maybe AOSTRA should get involved in projects or getting money from other countries. Well, I can inform him right now that we have some projects going with China; they are testing some of our processes there and they are paying royalties for this. We've got some projects going with Brazil, and the latest one now, if it does materialize, will be the shale project with Australia. So we are getting foreign money and foreign participation right now.

So right now what is happening with AOSTRA? We are looking at the future of it. With the minister's help and assistance there probably will be some changes. We'll be looking at different projects and different ways of using this money. Hopefully, as oil prices do come up, we will make it feasible to extract more of this oil and sell it in the world market. As you all know and heard the minister, by the year 1995 or 2000 we will have a shortage of conventional oil. This is where the heavy oil research will be in place and come in to give us self-sufficiency and be a marketer of oil in the world, hopefully.

Just a final comment and question. The minister did touch on federal participation. We are participating in some projects right now with PetroCan, which is a federal Crown corporation. What we would like, and I would like to ask the minister, is to see participation in AOSTRA with some federal money and maybe even a federal member on the AOSTRA authority. So

I'll anxiously await the minister's reply to this and the reaction.

Other than that, this year our funding is down, but we've still got many projects going; we're looking at some inventors' projects. Once again I want to thank the minister and his department for the good support, and I will be awaiting his comments.

Thank you.

MR. DEPUTY CHAIRMAN: The Member for Athabasca-Lac La Biche.

MR. PIQUETTE: Thank you very much, Mr. Chairman. I also would like to be on record as supporting the AOSTRA research funding. It's very definitely a good idea in terms of diversifying the whole oil and gas sector so that we're not totally dependent on just the sector which is drilling for oil and gas. If we can really go in terms of diversifying and enhancing the recovery of the tar sands, then we will be assuring that Alberta in the future won't be caught with falling revenues and not being able to supply the various markets that are surely to come in the years ahead.

As the minister indicated, by the year 1995 both the Canadian and the American market will need much more Alberta production in order to be able to supply their needs. However, we're only looking at eight years down the line, and we don't see much more emphasis this year in terms of making sure that we move ahead on the Husky Oil project and the Lloydminster upgrader project. We did have a promise from the government that these projects would be moving ahead in the spring of 1987. That is not happening this year -- at least I haven't missed any announcements recently that appear to be that those projects are moving ahead.

One of the interesting comments -- the minister had indicated to us during the heritage trust fund hearings that in order for Syncrude and other similar tar sand projects to move ahead, the base price or the U.S. price per barrel of oil would need to be around \$25. Today, hovering around the \$19 to \$20 mark, we are seeing very little action on the part of investors to get involved in the heavy oil sands development. Actually, we've seen a lot of cancellations, or a project being put on hold.

A question I had asked the minister was: since we do have falling reserves in the conventional oil, why aren't we moving with the federal government to ensure that we do place a minimum floor price of, say, \$25 a barrel for that production from tar sand refineries so that we move ahead with these projects? Because it doesn't appear, with loan guarantees or whatever else we've attempted in the past, that we're making the investor want to move ahead with these projects. And it's basically again: if you're not going to be returning a profit on your operation -- we can go ahead with loan guarantees or whatever, but it doesn't motivate these companies at all, unless we are prepared to do it ourselves, and I don't see the government moving in that direction at the present time. So I would like to have the minister's comments relating to that. In the heritage trust fund hearings he did indicate that yes, he agreed the price would have to be higher, and that was one of the reasons why these projects were not moving ahead. Now, why hasn't the minister moved more quickly in that area?

Another question I'd like the minister to reply to is that effective this year it was decided to phase out the funding of AOSTRA projects from the capital projects division of the Alberta Heritage Savings Trust Fund and gradually replace it with funding from the General Revenue Fund. This is a statement the minister made on November 12, '86.

Of the approximately \$66 million that's required this year by AOSTRA to fund the projects, approximately \$35 million will come from the General Revenue Fund and the rest from the capital projects division of the Alberta Heritage Savings Trust Fund.

Now, has this money come forth from general revenue this year to continue funding AOSTRA, to fund the projects which they have committed themselves for?

Another area that I'd like to have the minister comment upon, looking at the 1986 report from AOSTRA, is that we only sold a total of \$2 million worth of patents from the technology that has been developed in co-operation with the various companies that we have helped to fund some of these research projects. I find that a very low return on the investment of the millions of dollars that we have spent on research. As the Member for Westlock-Sturgeon indicated, I kind of wonder whether we're not being taken for a ride by a lot of the multinational corporations in that we are funding a lot of their research dollars and they then improve a lot of their recovery system, et cetera. But what guarantee is there that we will be maximizing that money to be invested in Alberta as opposed to other parts of the world? If we see, for example, this year, even though the multinational oil corporations have had very high profit margins they are not reinvesting that money in Alberta. Actually they are paying a lower refinery price for oil in Alberta as compared to, say, what's paid for Texas crude. So I feel they're really shafting the kind of money that we have invested here in Alberta to help them develop this technology, and they're not reinvesting that here in Alberta.

So the question I have to the minister: what legislation or regulation do we have in AOSTRA to guarantee that technology developed with Alberta taxpayers' money is going to be to the benefit of the Alberta taxpayers and not to the benefit of the multinationals who are going to be using these new technologies and investing in other parts of the world? I think there should probably be a little bit more strings attached to some of these research projects that guarantee that the Alberta taxpayers will benefit and that we will benefit from these.

We take a look, for example, at some of the energy investment division. We have allowed a project to be approved to companies who are not even Canadian, who are not even registered in Canada. I would have thought the minister would have at least made sure that Canadian companies -- Albertan -- especially small oil and gas producers, would be the prime target of this technology, because at least that would be one way of guaranteeing that that technology remains here. But when we fund a company by the name of Luscar, and we find that the voting shares are held by companies either in Panama or in Bermuda, why would this particular one be able to get an investment from the Heritage Savings Trust Fund when its shareholders are not even Canadian? The minister was not able to provide much of an answer about that, and I would like him to see if he's made any research about that or any more changes -- perhaps in the policies of how these research grants are provided in the investment division -- to ensure that this does not happen again. So why are we not being much more attentive in carrying out the supervision of these grants?

Another thing I'd like to comment upon is that in terms of diversifying, AOSTRA was to try to attempt to develop a technology that we need to do here in Alberta to enhance recovery of the tar sands. But we look here that a lot of the money appeared to be going to institutional research, which I'm wondering about, whether they aren't totally targeted towards this type

of research. I look in the 1986 11th annual report that we are funding, for example, the British Columbia Cancer Foundation, the British Columbia Research Council, university ACCESS program, technical review, and postdoctoral fellowships. I'm just wondering how that all relates to what we're trying to do here, which perhaps would be more specifically that we should be aiming this money towards the mining and extraction technology because this is where we'll get the most benefit from in the long term. Really, with the mining and extraction technology, we are going to be developing the expertise to be developed at the provincial level, because we really need to keep those engineers working on projects. Whether to fund the British Columbia Cancer Foundation is a good investment by AOSTRA is debatable. Perhaps it really should be part of the medical research foundation, as opposed to AOSTRA.

The minister in his opening remarks made the statement that we are facing a declining production of a lot of our wealth and that we really don't have a security of supply anymore in Canada. For a long-term investment in many of these projects, companies are not going to invest unless they are guaranteed at least the cost of production pricing formula. Now, in the United States, the American petroleum association indicated that deregulation of the oil and gas industry has been disastrous to the American oil industry, and the future of all oil shale development has been put on hold there. The same thing we're seeing happening here in Alberta.

We are seeing the minister now move in terms of attempting to put a floor price in the gas sector so that we don't sell our gas to a foreign or Canadian market at bargain rate prices, but we still don't see any movement on the part of the minister to guarantee that at least on the energy side, which involves a lot of investment dollars -- the steam injection project, et cetera -- we have to not be selling this product at the bargain-rate price. Otherwise, as they're finding out in the United States, those investments and those planning for the future to make sure that we are not victim in the future to money going elsewhere in the world where perhaps investment return is much greater and the cost of production is a lot less, that we guarantee that we at least hold onto a greater share of the investment dollars that keep on flowing into our energy sector -- and this is really a very important question, because unless we have that, we will not get the investment.

I guess I lost where I'm located in my deliberations, but one of the things that I'd like to also ask the minister is this. In the Elk Point area, where a lot of the steam injection type of wells are being piloted and where a number of wells are being drilled parallel or whatever the case may be, we're getting a lot of complaints, especially when we went on our agricultural task force, that the farmer really has very little to say about the placing of these wells within his quarter section of land. I wonder if the minister, in terms of a very worthwhile research project or at least in consultation with the agricultural sector, would work out some kind of more meaningful placement of these wells so that we are not losing a lot of the agricultural land that these future projects will be creating.

I think a very important question, in terms of developing our oil and gas, in terms of the steam or the heavy oil in the Cold Lake or Elk Point areas, is that we don't lose sight that the agricultural land that it impacts is not sacrificed in order to just get that production out of the ground, perhaps an alternate method or a different placement of these wells, and that there should be greater consultation with the farmer or with farming groups. I know that a lot of this funding for the steam injection plant, for

the heavy oil recovery, has been funded by AOSTRA. but I'm wondering if that's been made a priority, in terms of researching how they can be done. Farmers are finding that their land is being invaded by companies which are putting wells in the middle of their field as opposed to the corner of their field, so they are not having to go around. Then if you even look at the construction of these roads that lead to these projects, they are also eliminating a lot of valuable agricultural land.

I would like the minister to make comments relating to the questions raised by myself. Thank you.

MR. McEACHERN: Mr. Chairman, I wonder if the minister would like to answer some of those questions. There's a lot of things on the floor. I do have some questions to add, but . . . [interjection] Okay. Thank you.

I've been listening to the debate from all sides of the House with a lot of interest and have quite a number of comments I wish to make. The Member for Calgary Forest Lawn indicated that we basically support the idea of AOSTRA, and I agree, but there are a number of concerns and different questions I wish to raise.

I'd like to start by saying that I had a little look at the annual report. I'm sure the people that produced them think nobody ever looks at them, but it's not true; some of us try to. I was looking at the numbers, and the 1985-86 expenditure was \$50 million, then 1986-87 was \$30.14 million, and we're now down to \$20.8 million. So we keep cutting back very severely the amount of money into AOSTRA. Now, maybe that's not such a bad idea, and I'm going to have some questions about how AOSTRA operates. Maybe the government is losing faith in AOSTRA or something, or thinks it isn't working too well, so they should cut it back that severely.

Now, I might point out that that cut last year was nearly 40 percent; the cut this year is about 33 percent. And I was just a bit bemused by the opening statement in this report; it's why I raised it. The acting chairman very kindly said of the government:

The Government of Alberta recognizes the need for a steady effort in research and is providing the funding necessary for AOSTRA to continue . . .

Well, with those kinds of cuts I don't know that you can really claim they are providing the funds for AOSTRA to continue, at least not the way it did in recent years. And I recognize the problem we have with the fiscal, economic difficulties of the government, but the government has put a lot of eggs in the oil basket over the years, and to now, at this stage, back out on the one organization that may help to keep the oil industry going in this province in the sense of developing new technologies, increasing the efficiency of the various types and styles and kinds of refining and ways of getting our products to market -- perhaps it's a wrong way to go. It would seem to me that this government, given the degree to which they've relied on the oil industry, would have kept that investment up, and it surprises me a little bit that they didn't.

Now, I'm going to turn around and in a sense play the devil's advocate and take the other side and say: well now, what is AOSTRA doing and how well is it doing it and what is the plan in the long run and where will it take us to and so on? So I want to raise quite a number of questions.

Just a little political point, I guess. I was a bit bemused by the minister's saying how lucky they were to get the former cabinet minister and MP Bill Yurko as chairman of AOSTRA. That may very well be; he may be a very capable gentleman in

this area. But he indicated that the number of people after a great search, and there were very few people capable and able and this sort of thing -- I wondered if one of the criteria for narrowing them down was that they had to be a former cabinet minister. But of course that's just a little political aside that I perhaps shouldn't mention.

The minister raised the question as to whether or not the federal government might be approached for funds to help AOSTRA out. Quite frankly, that's a bit of a narrow kind of concept, and if you haven't done it already, you should have long ago. It would seem to me that just because we had money in Alberta and a big commitment to the oil industry, there is no reason why the feds shouldn't have been brought in on this when we're talking research and development. Surely that's where the government should have started back in 1974, when they set up AOSTRA, not wait till now when their own budget is getting a little tight and the oil industry is in trouble and then say to Ottawa, "Come and help bail us out." It's something that the government should have been doing in many other fields as well as energy.

A question as to whether or not we've had some federal funds into that area. The minister might know the answer -- I don't -- so it's literally a question. You might remember -- I forget the title of it -- that science tax write-off for certain kinds of research and development projects that the federal government brought in a couple of years ago and turned into a total disaster because everybody milked them for millions of dollars that they hadn't anticipated losing in taxes. Some of the companies that were doing some of the experiments for AOSTRA -- and I don't mean for their other things; I mean literally for AOSTRA projects and research. It seems to me that quite a pile of them might have in fact qualified for those federal government dollars, and perhaps the companies then have already got quite a benefit from the federal government. But I don't suppose anybody would be bragging much about that if they did, so it's just something I'm wondering about.

Sort of jumping around a little bit for a moment, I share with the member from Sturgeon -- Westlock-Sturgeon; I have trouble sometimes remembering the first half of that constituency -- the problem about the acid rain. It seems to me that Saskatchewan and northern Alberta have been paying the costs of acid rain. Well, I suppose we've been lucky up to now; we haven't had to really count the losses. But there is not much doubt that northern Saskatchewan is losing a number of lakes because of the acid rain from some of the smokestacks in the Syncrude and Suncor plants. It would seem to me that if the government of Alberta or the AOSTRA council is willing to put money into -- and I'll just turn to an example on page 29 of the statement, 9(9.1), British Columbia Cancer Foundation:

AOSTRA provided the Carcinogen Testing Laboratory of the British Columbia Cancer Foundation with \$125,000 over a two-year period to evaluate the use of mammalian cells in genotoxicity testing of oil sands, process steams, and related materials.

And they go on to describe it further. I'm not against that; I think that's very important. But if AOSTRA is willing to take a look at the kinds of costs to health that working in the oil industry may have in terms of some of the chemicals, some of the health hazards of dealing with the petrochemical and the oil industries, then it seems to me they should also take a very serious look at the effects of acid rain, in the northern parts of Alberta and Saskatchewan particularly. You're talking about -- to relate it back to looking for help from the federal government, the

Conservative Prime Minister of this country has made a big song and dance about the need for acid rain controls and research and funds to do something to clean it up in Ontario, and wants the United States to put money into doing that because they're causing a lot of it. It seems to me that's an area where you could specifically go after the federal government and say, "Help us put pollution controls on those smokestacks or develop and improve the technology, if that's needed." A very practical sort of thing that you can do in terms of trying to get the federal government tuned into and involved with the Alberta oil industry.

The minister talked a bit about this underground drilling experiment, and it does sound most fascinating. I've got to say that on a nice day like today I'd rather be above ground playing roughneck than below ground. But when it's 30 below in the winter -- a lot of this work is done in the wintertime -- I've got to agree with him: it would be very nice to be below ground. I was kind of wondering how effective or efficient it is if they have to drill very far. I don't know. I suppose it's a gravity feed to pump steam up the one hole and assume that you're going to get the bitumen dribbling down the other hole. But then don't forget, when you get it to the bottom, you've got to turn around and transport it back to the surface. I suppose the question is: can you get the oil to drip down, or do you get a lot of sand as well and then have to transport the sand and oil both up to the surface and then refine it? So perhaps you'd have some comments on that. It sounds a most fascinating thing, and I would of course like to go and visit and see what that's really all about.

The minister spent some time talking about the potential market in the States, but I'm going to leave that for a moment and talk a few more numbers here for just a minute. I was looking at again, this annual statement of AOSTRA. I don't know whether this particular chart has quite given the full picture or not but in the 1986 expenditures -- page 44, I'm looking at -- it says that on the revenue side the Alberta Heritage Savings Trust Fund contributed \$50 million in 1986. Well, I just read you out of the '85-86 statement that that was \$50 million all right but most of that should have been in '85. I know there's a three-mondi discrepancy because this is by the year and the other is by the fiscal year, so I suppose that accounts for some of the discrepancy. But I just thought I'd sort of point it out to the minister, and he might be able to explain it and some \$2 billion in technology sales for an income of \$52 million.

But then if you go through all of the sections under expenditures, institutional research, mining and extraction, and so on -- the various categories -- and total them all up, as I did, you only get \$39.8 million spent in 1986. Now, I suppose some of the \$50 million might have carried over into the '87 year then, so perhaps that's the discrepancy. But then don't forget that we're cutting back in '86-87 down to \$30.1 million, and of course that's not shown here because this is the annual statement for the year before.

Anyway, I'm wondering -- you know, \$52 million income and only \$39.8 million spent is quite a bit of room for more activity and more expenditures. I did the same on the overall; the totals from '74 up to 1981 were put in, and then each year -- '82, '83, up to '86 -- and then the totals given. I went through the totals and I found the same kind of discrepancy. The total revenues from the heritage trust fund were some \$367 million, and technological sales accounted for some \$15.6 million. So we're looking there at \$382 million, yet the overall expenditures were only \$327 million. So there's a \$50 million gap there, and

the assets of the company on the last page didn't show a \$50 million surplus. It's probably just the way it's laid out and the fact that the one year is the chronological year and the other is the fiscal year. That may be the problem there, but perhaps the minister would like to comment on the numbers. They did have me a little bit perplexed.

Now, nearly \$400 million is a lot of money to put into AOSTRA over a number of years. I guess I wonder who's got most of the benefit and I don't think there's an awful lot of doubt. I was listening to the Member for Westlock-Sturgeon, and he was saying some of the exact points that I wanted to raise. A large number of the projects have quite frankly been joint projects with some very big oil companies that could pay their own way. In looking at the chart, for instance, on page 42, the very first number that hit me was in situ oil sands, Peace River/Shell: \$76 million funds committed. Prior years' disbursement, \$63 million, the biggest number in that category by a long ways -- as a matter of fact, in any of the categories. I wonder why the government would in a sense take coals to Newcastle. Those companies can spend the money on the research and development and get tax write-offs for it. It doesn't really cost them anything, because if they didn't spend that money there, they'd have to pay more taxes or whatever. It's just part of the account of doing business. It's we who buy the gas and oil that pay the shot for their research and development.

Now, that's not to say that you shouldn't get involved or encourage them to do some research and development that will develop new technologies and new projects and make it possible for us to exploit our resources in a way that we couldn't before. You know, if we can find a new way of getting the oil out of the sand in a way that pays, in a way that makes it so that synthetic crude can compete with conventional oil, then that's great. And since we've got so much tar sands, there are a lot of years that we can exploit the tar sands, and if we can improve the kinds of technologies, that's okay. But I rather worry that we help them develop a technology and then they develop the tar sands and our participation ends up being that we either give them loan guarantees or we actually loan them money. Seldom do we take an equity position in the developments from the very research that we do or that we help to generate.

Just to go back to the numbers for a second, I mentioned the \$50 million from the heritage trust fund in 1986 and the \$2 million from the technological sales. I don't know whether that's a good ratio or not but it doesn't sound like very much to me. It doesn't sound like we're taking the best advantage of our technology and charging the company sort of patent rights or something. If we're getting involved in helping to generate these new technologies, then we should have some kind of patent rights that do get us a fair return on those dollars. I would remind you that we've put \$367 million into AOSTRA over the years, and we've sold fifteen point something million dollars' worth of technology.

The Member for Redwater-Andrew on this very point suggested that there were some people bringing shale up into this province to have it refined or experimented with in some way, I suppose trying to develop a new technology or a better way of refining it. I didn't quite understand from what he said whether he was suggesting that AOSTRA was supporting a project that was doing research on new technologies of getting oil out of shale and that these people were taking advantage of our knowledge and our expertise, or whether we were helping them develop some new knowledge and expertise. But I guess my concern at this stage, whichever way around it was going: are we

getting the dollar benefit for the use of that technology? Whatever the case, and he didn't describe it fully or at least I didn't catch it all, are we getting the dollar benefit from the technology that we've helped to develop or that we are going to help develop?

I guess some related questions from that -- it will just take me a minute to find them here; here we are. Three questions arise from that. Are we sharing in the expense of developing that new technology, or are we gaining from the sale of the technology to the people that want to know how to refine the shale better? And the other question is: do we have any shale here in Alberta? If the answer to the first question is yes and the second one no, do we have some shale here in Alberta that we want to develop ourselves and therefore this technology will be useful to us? If so, who is going to develop it and under what terms, and what are the prospects and that sort of thing? I think the minister might comment on that shale project.

So, Mr. Chairman, as I said, one of the basic problems with AOSTRA as far as I'm concerned is that a very large percentage of the research funds are going to some of the biggest and largest companies that do not need it. I think it's being too narrowly focused. I know it was set up initially with the idea that the research would be for developing the tar sands, and then it was expanded to include heavy oil upgrading, and that was a good idea, and then the idea of enhanced recovery. Both of those things are important and things that we support. In fact we suggested a heavy oil upgrader plant in the Cold Lake area two or three years before this government got around to doing anything about putting one there or seeing to it that one would be built there.

Not only should we be moving into those areas which would to some extent diversify our energy resources in this province, but we should also be thinking about branching off into other forms of energy like solar energy, like wind energy -- renewable resources that would be perhaps cheaper, perhaps more efficient in many ways. I don't buy the argument that the former Premier of this province said that that would be competing with ourselves. I know we have oil, but we cannot count on the fact that the world will stay with an oil and gas energy-based economy forever. If we're going to be in the lead of energy technology, then it better not be just narrowly focused on oil and gas. We had better be looking at other forms of energy so that we in fact are in the forefront. It would provide a certain degree of stability to this province, and it would mean that we wouldn't have to bounce up and down -- well, not that we have to -- with the whims of the OPEC world market for oil, that maybe we would be able to have a greater diversification in the number of the kinds of energy that we could call on and develop and export the technologies from, and it would give us a little more stability rather than putting all our eggs in the oil basket.

[Mr. Gogo in the Chair]

The whole idea of AOSTRA and developing new technologies in energy, particularly if they would branch out a little further, is a good one. But I guess what I wonder about is where is it all going, and what is the plan in the long run? Right now, you seem to be winding down AOSTRA. The cuts in the last two years have been severe. Does that mean that you're giving up on the idea of continuing with this oil sands development and new technologies?

The minister talked a little bit about some of the potential markets in the States for future development of our oil and gas

reserves, and he gave some very glowing numbers that make it sound like we could really get into the American market in a big sort of way. And that may very well be, but I don't see any long-term plan. I don't see that this government has any real idea of where they're going. I guess the idea of planning is sort of the opposite to deregulation. Deregulation says, "Well, we're not going to plan; we're going to let anybody do whatever they want, and I guess if they need a few bucks, we'll pass some out here and some out there," with no real rhyme, reason, or sense of direction of where they're going.

The American market may very well be there in the future, but the way you're deregulating the market right now, you will see the various companies that are hurting right now -- all of them: big ones, little ones, everybody -- scrambling to get into those markets, even if they have to undercut each other at cut-throat or bargain-basement prices to get the contracts, and the Americans will be the beneficiary of getting some of the oil and gas resources of this province at cheap prices as we compete with each other in a deregulated market that says: I want to sell at once. Now, I know the government has said that they will never sell the resources below a reasonable return for the people of Alberta. Those are nice words. Right now the minister is engaged in a war of words, which may turn into more than that with Manitoba and Ontario to try to see to it that they don't get the cheap prices that he's offering to a lot of other people on a short-term basis. And when that American market does become available to us, we'll be lucky to get long-term stable contracts at a reasonable price because of the deregulation.

So I see no planning, I see no sense of direction, I see no purpose in where the minister is going other than just saying: "Well, we're private enterprisers. We're going to sit back and let Imperial Oil and Shell Oil and Petro-Canada and all kinds of other companies manipulate the oil industry for their own benefit wipe out the little companies and pass out the benefits of our incredible resource that we have at incredibly cheap rates."

So I can't understand why the government as custodians of a resource that belongs to all the people of Alberta, doesn't stop to think for a minute and sit down and develop some kind of plans for the long term. Where are we going? What are we going to accomplish? How are we going to get a reasonable return for the people of Alberta for their natural gas and oil revenues over the long term, not over the short term? And how can we stop the booms and busts that we've experienced over the last 10 years, forced upon this nation by OPEC because we were too stupid ourselves as a provincial government and as a federal government to sit down and negotiate some kind of a stable price that would stop the price from going through the roof, on the one hand, in years gone by? We got that without any negotiations, and . . .

DR. WEBBER: On a point of order.

MR. CHAIRMAN: Order please. Minister of Energy,

DR. WEBBER: Mr. Chairman, I hesitate to get up to complain about the fact that I don't think he's talking at all about the estimates. The only problem I have is that I don't understand in the least what he's talking about so I can't really be sure that he's sticking close to what we're talking about on the Order Paper.

MR. CHAIRMAN: Edmonton Kingsway.

MR. McEACHERN: It's hardly a point of order that the minister doesn't understand what's going on. We've known that ever since he was appointed to the job, and he shows it every day in question period. When my colleague from Calgary Forest Lawn asks him questions, he doesn't even understand the questions.

MR. CHAIRMAN: Order. Order please. Let us return to the matter before the committee, and that is AOSTRA.

MR. McEACHERN: Thank you, Mr. Chairman. I do not think it was a stretch or a great leap of the imagination to go from talking about AOSTRA and how it leads into new technologies and then what you do with that technology and what projects you develop and how you develop them, whether you put government money into them, the whole idea of planning the economy. If we're going to invest nearly \$400 million in this institution, then we need to look at where that's leading us, what direction it's taking us, what guarantee we have for the people of Alberta that in the long term they will get full benefit from their very rich resources.

With those comments I'll sit down and let the minister try to explain his way out of that.

MR. CHAIRMAN: Before we proceed, may we revert briefly to Introduction of Special Guests?

HON. MEMBERS: Agreed.

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

MR. SHRAKE: Mr. Chairman, we have with us today a group from the Zhanyzhou Puppet Troupe from Fujian province in the People's Republic of China. I guess they've been to Vancouver, Seattle, Edmonton, and they're fixing to go back to China. Their director is Zhu Zhen-min and their interpreter is Lin Zi-an, and they have one volunteer with them, Sheila. I wonder if they could rise and receive the warm welcome of the Assembly.

If I would be allowed to use just a little greeting -- it's in Cantonese; I hope you speak Cantonese. Kong Chook, Kok Wai, Sung Tei, Keen Hong, Mann Cee, Luu Yee, Dojay, Dojay. [as submitted].

MR. CHAIRMAN: *Hansard* may have a little difficulty with that. The Chair would respectfully request that, according to Standing Orders, hon. members in future speak from their place in the House.

The hon. Member for Pincher Creek-Crowsnest.

**ALBERTA HERITAGE SAVINGS TRUST FUND
CAPITAL PROJECTS DIVISION
1987-88 ESTIMATES OF PROPOSED INVESTMENTS**

Department of Energy
(*continued*)

MR. BRADLEY: Thank you, Mr. Chairman. I didn't know that the hon. member had been promoted to the ministry of social services and community health, but I notice the Chair commented on that.

I just want to make a few brief comments. I was rather surprised by the nature of the comments of the Member for Edmonton Kingsway. I won't comment on those at all. I should

say, though, that the Alberta Oil Sands Technology and Research Authority, which estimates we are today asking the House for concurrence in, is a world leader in terms of the research that's taking place. The initiative is incredible in terms of its achievements and what it's provided to this country and this province. The dollars that have gone into joint research projects, basically coming to AOSTRA from industry, have benefited us incredibly in terms of the knowledge we have and the opportunities that's going to open in the future to recover these vast resources we have. So I compliment the minister and the program for which we're being asked for funds today.

I may be out of order in terms of the question I want to pose to the minister, but I notice the Member for Edmonton Kingsway did mention this. In particular, last year there were funds available and voted in the Assembly for a solar and wind energy research facility, which is to be located in the constituency of Pincher Creek-Crowsnest. I recognize that due to budgetary restraints that has been put on hold, and I wonder if the minister might be able to comment in terms of the future as to when he may see that this project will come off the shelf and proceed full steam ahead.

MR. CHAIRMAN: Hon. Member for Edmonton Glengarry.

MR. YOUNIE: Thank you, Mr. Chairman. I find the whole area of research into heavy oil developments rather interesting. I got a lot of firsthand comment on it when my wife was employed at two different research projects into heavy oil development: one with the Research Council and one with the Syncrude research lab in east Edmonton. I found it very interesting to see their facilities and look at some of the research they are doing.

As usual, I would commend the government for undertaking research. I feel research almost always pays dividends in the long run and at the same time provides jobs -- and in fact, I would note, jobs that pay more than \$3.50 or \$4 an hour -- and they're generally fairly reasonably paying jobs. As I say, the long-term benefits of that research is there as well.

In comparing some of the figures within this booklet, I noticed that we might see to some extent a sign of priorities. If we look at the Agriculture department's research portion under Farming for the Future, it's less than one-quarter of what's put into research in one small area of the energy sector. So we see that very large sector of agriculture getting a much smaller portion of research, even though its dividends in the long run might be equal or greater. So I would say that perhaps I'd like to see an equal amount going to agriculture. I notice that in Community and Occupational Health we see an amount that's one-fourteendi the amount, and when one considers that one of the industries that often causes the most concern where workers health and safety or occupational health is concerned is the energy and petrochemical related sector, perhaps again a little more money into that area would be advisable.

I would have some environmental concerns with heavy oil developments. One of the most obvious would be research into methods of and criteria for site reclamation, and I would hope some of the research being done here goes into what's going to happen later when you want to reclaim these sites. We're looking at ways to make sure that the use of the site is as effective as possible, but I would like to see some of the research go with that very necessary corollary of the business, which is the cleanup afterwards. You can't keep extracting tar sands from an area forever, and eventually you're going to want to put the tre-

mendous quantities of overburden back over it and replant it and so on. I'm wondering: is research being done under this into the criteria that will be set for site reclamation, or are we going to follow the plan of waiting until later, when somebody else wants to buy the land and he reveals what he will use it for, to then set the criteria?

I have some concerns as well about the steam injection method of getting the oil out of the bitumen, and that is that one of the major parts of that is heating up very large quantities of water. We take tremendous quantities of what starts out as cool and fresh and hopefully relatively safe, clean water, and we heat it and run it through the bitumen and use it to get the oil out. We are left with vast quantities of rather dirty, rather warm water that somehow has to go back into the environment. I would wonder how much research being done here is going into looking at safe ways to use that. I think one of the important points that might be ignored at our peril, especially if we look at the experience of Wabamun Lake, is the temperature itself of the water.

Putting those kinds of quantities of warmed up water back into a lake in the long-term is going to have a very detrimental effect on the lake and the fish that live in it. When you consider how important fishing is to tourism in the north, anything that will endanger that has got to be of economic concern as well. I would like to see a lot of research into methods of cooling, even to the point of perhaps using heat exchangers to extract the heat from the water and cooling it down and using the heat taken out of the water to heat the buildings that people work in. So you are more or less killing two birds with one stone: conserving energy and preserving the environment.

Also, there's the fact that the water isn't nearly as clean at the end of the process as it was at the start, but it has to go back into an environment that hopefully is going to be as clean in the end of it all as it was at the start, and that means a tremendous amount of work in terms of making sure that water is very clean. So I would like to know what kind of research is being done along that line as well. I would also wonder if in fact there aren't guarantees from the industry as to environmental protection along that line.

With that, I'll await the minister's responses.

MR. CHAIRMAN: Hon. Member for St. Albert.

MR. STRONG: Thank you, Mr. Chairman. I, too, rise to support the \$20,800,000 to be voted under the Alberta Oil Sands Technology and Research Authority in the estimates. I, too, support the objectives of AOSTRA, and those objectives being to promote and assist pure and applied research into economic and environmentally acceptable methods for the recovery and processing of petroleum from oil sands deposits and heavy crude oil reserves, and for enhancing the volumes of oil that can be produced from conventional oil reserves.

I support that philosophy. But my question to the minister is this: if the minister supports this philosophy, why do we see a comparable budget from '86-'87 of \$31,400,000 being slashed in the '87-'88 budget estimates to \$20,800,000? Now, that's almost a 33 percent reduction in the amount to be voted.

I listened, Mr. Chairman, very closely to what the minister had to say in his initial remarks. And in his initial remarks the minister commented that the government of Alberta, the Department of Energy, if I recollect the phraseology right must make bold and take new initiatives in developing new technology for

the development of heavy oil upgraders, tar sands, and all these other various ways that we can extract synthetic crude, or what they term nonconventional crude, from out of the ground.

In addition to that, Mr. Chairman, I looked at basically what came out of the minister's department in the Speech from the Throne, where there is a comment on energy. In that speech it alludes to the government recognizing that conventional oil in the 1990s will not meet the requirements or the needs of Canada in the 1990s, and that was again confirmed by the Minister of Energy in his initial remarks. Further, in this throne speech the government goes on to say that

now is the time to plan and develop those major projects, and my government invites all those who have interests in potential oil sands and heavy oil projects to bring specific proposals forward for consideration.

Now, isn't that nice. These are fine, lofty phrases. Certainly this government is committed. But I guess what I'm looking at, Mr. Chairman, is where's the action. You know, where are we going?

I'll refer the Minister of Energy to the Husky Oil upgrader, that project. Now, I seem to remember quite a number of years ago where the government of Saskatchewan was going to contribute \$390 million, the government of Alberta was going to contribute \$390 million, our federal Liberal government was going to contribute \$780 million, and in addition to that I believe there was a \$50 million grant. This was, I think, three and a half short years ago. Since then the Alberta government has given a considerable amount of money to keep the engineering going for that project and certainly that's a positive step.

Mr. Chairman, it's fine to say all these things that we believe in, but where is that action? Where is the commitment? Because I don't see that plant going ahead. There is no construction activity taking place. And where is the federal government with their loan guarantees? Where are they? Incidentally, that government now has changed from Liberal to Conservative. The members opposite's colleagues in Ottawa you'd think would be supporting the province of Alberta and the Conservative government here in the province of Alberta. But no, Mr. Chairman, what are they doing? They are doing nothing, as usual. Our Minister of Energy can stand here in the Legislative Assembly in the debates here on the capital funds that we're going to spend out of the heritage trust fund and say all these great things again that we're doing, but really we're doing nothing.

Mr. Chairman, I can think back again to about 1981, when Alberta was touting, this government was touting, everybody out there was touting developing those heavy oil sands deposits, developing those synthetic processes that are going to get that nonconventional oil in our pipeline system. I can remember seeing former Premier Lougheed in a picture with Pierre Elliott Trudeau in the newspaper clinking champagne glasses in 1981 when they came to the famous pricing accord, I believe under the national energy program. But I remember shortly after . . .

MR. CHAIRMAN: Hon. member, the Chair hesitates to interrupt, but the champagne glasses are at some distance from the matter before the Assembly. Would the hon. member come back to the vote to be voted upon.

MR. STRONG: Mr. Chairman, I think that they certainly are germane because it was the Minister of Energy himself who commented on what we in Alberta have to do and what his department intends to do, and that is, develop synthetic forms of

crude oil. That includes developing heavy oil deposits and developing tar sands deposits. So I think I'm certainly correct in responding to the initial comments of the Minister of Energy, and I think it's relevant.

MR. CHAIRMAN: Well, hon. member, again the Chair is reluctant to interrupt, but dealing with a previous Premier and a previous Minister of Energy in the context of a champagne glass is, with respect, some great distance from the matter before the House. Hon. Member for St. Albert.

MR. STRONG: Mr. Chairman, I'll carry on with the scenario because as soon as those glasses were broken, what it cost this province and what it cost Alberta was an Alsands plant in 1981: a heavy tar sands development, a megaproject in the tar sands. What it also cost us was a megaproject in the Cold Lake area to develop our heavy oil deposits. That's what it costs us. I'd like to remind this minister of exactly what it did cost us, to correct him in his initial statements and to explain to him what the reality in the province of Alberta is, not just the flowery statement and the flowery objectives, and certainly the objective of AOSTRA that I support as an individual and my party supports.

MR. DAY: Tell us how you support the NEP.

MR. STRONG: Yeah, you start voting NDP and maybe get something done, fellas.

I think further, Mr. Chairman, that the minister made comments that by, I believe he indicated, 1995, the demand for oil will increase in the United States to -- I believe what he quoted was \$18 million barrels a day. But certainly right now the Americans are importing oil to supply the needs of their country. Now, what I find incredible is that if the minister believes that we have to start developing heavy oil deposits, if we have to start constructing tar sands plants -- and I'll give the minister another recommendation and another thing that he could look at: the development of coal liquefaction processes and coal gasification processes -- why aren't we doing these things? Now, certainly we have enough unemployed people in the construction industry to get on with building these plants, but I believe the construction design process for Syncrude Canada, which produces in excess of 100,000 barrels of synthetic crude a day, was a considerable length of time. I think the time was at least seven years for design and construction for that Syncrude plant. I guess my question to the minister is: when are we going to get about building these plants so that we can supply not only the needs of this country but our American friends, who hopefully will be paying us a little bit more per barrel down the road than what they're paying us right now.

I spoke earlier, Mr. Chairman, about Cold Lake. We see, I believe, six units in at the Cold Lake area, put there by Esso Resources, developing our heavy oil deposits. Is the minister going to be announcing that that company is going to be building seven, eight, nine, and 10 there?

MR. CHAIRMAN: Order please. Hon. Member for Calgary McCall, your point of order.

MR. NELSON: Mr. Chairman, Standing Order 23(b). I'd like to know the relevance of building a Syncrude-type plant at Cold Lake or wherever as it relates to the estimates under discussion at the present time.

MR. CHAIRMAN: Order please. Under Standing Order 62(2), the Chair would tend to agree. However, in fairness, *Beauchesne* 299 makes it extremely difficult to rule on the matter of relevance. Perhaps, though, the hon. Member for St. Albert in the time remaining would come back to the question before the Assembly, and that is AOSTRA.

MR. STRONG: I certainly will, Mr. Chairman, and you know, if the member would clean the wax out of his ears, he could perhaps listen a little bit more, pay a little more attention. He might learn something instead of sitting there vegetating.

I think, Mr. Chairman, I indicated earlier that what I was commenting on was the initial comments that the Minister of Energy made with respect to the certainly principled objectives of AOSTRA, which again I support. I think that what I felt was incumbent on me was to respond to the minister and inquire of him exactly where he's going for some activity to get these non-conventional sources of energy out of the ground and into a pipeline, and perhaps in doing that, we'd see some jobs created for many thousands of unemployed Alberta tradesmen. I think certainly that deserves some consideration by the minister, and I hope he considers the merit of the thought.

Mr. Chairman, due to the hour I'd move adjournment. [interjections] The minister isn't going to be able to comment anyway. There are too many questions.

MR. CHAIRMAN: The hon. member has moved a motion of adjournment. Any motion is nondebatable, but the question must be put. All those in favour of adjourning debate on these estimates, please say aye.

SOME HON. MEMBERS: Aye.

MR. CHAIRMAN: Opposed, please say no.

SOME HON. MEMBERS: No.

MR. CHAIRMAN: Motion defeated. Hon. Member for Calgary Buffalo.

MR. CHUMIR: Thank you. I stand in two minutes to state that I am supportive of the vote. Oil sands are a treasure of this province, and research thereon is important. However, my concern and the comment I wish to make is that we shouldn't be focusing on the megaprojects and the tar sands at the neglect of the potential of our conventional resources. What I am also concerned about is the manner in which the minister has, over the last three or four months, in a number of circumstances waxed schmaltsy in favour of the development of offshore resources. As I see it, his responsibility is to be a salesman for the development of the oil and gas resources in this province and not to be a salesman for competition to that development. I think there is a misconception of his responsibility in that regard, and I would urge him to refocus.

I'd also, in the area of conventional oil and gas resources, note that there has been a renewed reminder of the potential of these resources in this province in recent times. The Energy Resources Conservation Board has reminded us of the new-found potential of oil in this province. The Caroline discovery has reminded us of greater potential for gas. Most Albertans in the oil and gas industry in Alberta are employed in the conventional area. The service industry is based on the conventional area. The city of Calgary, from which the minister comes, is

primarily a conventional oil city, and conventional oil is cheaper and more cost-efficient to develop.

MR. CHAIRMAN: Hon. member, the Chair is hesitant to interrupt, but this committee must rise and report. It may be beneficial to the hon. members to hear the Government House Leader in terms of what business we can expect in the future.

MR. CRAWFORD: Mr. Chairman, the business for tomorrow and Friday is a continuation of supply in the heritage capital projects division.

I move the committee rise, report progress, and ask leave to sit again.

[Motion carried]

[Mr. Speaker in the Chair]

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

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

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? So ordered.

[At 5:30 p.m. the House adjourned to Thursday at 2:30 p.m.]