

Legislative Assembly of AlbertaTitle: **Wednesday, May 1, 1991**

2:30 p.m.

Date: 91/05/01

[Mr. Speaker in the Chair]

head: **Prayers**

MR. SPEAKER: Let us pray.

O Lord, we give thanks for the bounty of our province:
our land, our resources, and our people.

We pledge ourselves to act as good stewards on behalf
of all Albertans and Canadians.

Amen.

head: **Reading and Receiving Petitions**MS M. LAING: Mr. Speaker, I do now request that the
petition I tabled yesterday be read and received.

CLERK:

We, the undersigned, petition the Legislative Assembly of Alberta
to urge the Alberta Government to immediately provide adequate
support for treatment programs for abusive men, including the
Changing Ways program in Edmonton.

head: **Introduction of Bills**

MR. SPEAKER: The Member for Dunvegan.

**Bill 27
Rural Districts Act**MR. CLEGG: Thank you, Mr. Speaker. It gives me pleasure
today to introduce Bill 27, Rural Districts Act.

This Act is to allow improvement districts to become rural
districts without going directly to a municipal district. I look
forward to debate in second reading and Committee of Supply.

[Leave granted; Bill 27 read a first time]

MR. SPEAKER: The Member for Calgary-Mountain View.

**Bill 297
Alberta Institute of Aboriginal Languages Act**MR. HAWKESWORTH: Thank you, Mr. Speaker. I request
leave to introduce Bill 297, being the Alberta Institute of
Aboriginal Languages Act.

Mr. Speaker, this Bill, if adopted, would create an institute
to preserve and promote the retention and use of aboriginal
languages in Alberta. The institute created would be empow-
ered to do a number of things; among them, to work with
educational institutions and communities, to conduct research, to
provide scholarship assistance, and to develop teaching materials
and programs.

[Leave granted; Bill 297 read a first time]

MR. HORSMAN: Mr. Speaker, I move that Bill 27, Rural
Districts Act, be placed on the Order Paper under Government
Bills and Orders.

[Motion carried]

head: **Tabling Returns and Reports**

MR. SPEAKER: The Minister of Recreation and Parks.

DR. WEST: Yes, Mr. Speaker. I stand to table four copies of
the answer to Motion for a Return 199.MS BETKOWSKI: Mr. Speaker, I'd like to table with the
Assembly the response to Motion for a Return 267.

MR. SPEAKER: Hon. members, I table with the Assembly the
report of the Chief Electoral Officer, as submitted under the
provision of the Election Finances and Contributions Disclosure
Act, dealing with the Court of Queen's Bench decision for the
electoral division of Edmonton-Calder at the 1986 general
election.

head: **Introduction of Special Guests**

MR. SPARROW: Mr. Speaker, it is my pleasure today to
introduce to you and through you to the Members of the
Legislative Assembly 48 young and enthusiastic students from
the J.E. Lapointe school in Beaumont. They had their tour
earlier. I wish they would stand and receive the warm welcome
of this Assembly.

MR. DINNING: Mr. Speaker, I introduce to you and to all
members of this Assembly today the president of the Alberta
Federation of Home and School Associations, Mrs. Carolyn
Brooks. It's a pleasure because not only does Mrs. Brooks
represent the parents of some 450,000 students across this
province, therefore a very important participant in the education
process, but I've also had the pleasure of meeting today with
Mrs. Brooks when she presented to me the resource book for
the literacy exchange, an important resource for parents to help
plant and allow to flourish the seeds of literacy that are so
important in every one of our children. I'd ask Mrs. Brooks to
stand, a very good friend and a very good friend of education,
and ask all members of the Assembly to give her a warm
welcome.

MR. SPEAKER: The Member for Athabasca-Lac La Biche,
followed by Three Hills, followed by the Minister of Career
Development and Employment.

MR. CARDINAL: Thank you very much, Mr. Speaker. I'd
like to introduce to you and through you to the Assembly 20
bright students from the prosperous community of Grassland in
my constituency. They are seated in the public gallery, and
accompanying them are teacher Ray Hunt and parent Sandra
Mannen and also supervisor Michael Kamelchuk. Along with
the group is one of our former pages who served here earlier
last fall, Ryan Mannen. I'd like the group to stand and get the
traditional warm welcome of the Assembly.

MRS. OSTERMAN: Mr. Speaker, it's my pleasure today on
behalf of my colleague the Member for Banff-Cochrane, Mr.
Brian Evans, to introduce a group from the Chinook Winds
Adventist Academy. There are 13. They include teacher Mr.
Loren Agrey, parents Mr. Ed McCann and Dr.
Gary Zeigenhagel, and bus driver Ron Westerdal. I'd ask
them all to rise in the members' gallery and receive the warm
welcome of the Assembly.

MR. WEISS: Mr. Speaker, it's a pleasure to introduce to you and through you to members of the Assembly a group of 48 grade 6 students from the constituency of Fort McMurray attending Birchwood school. Their teachers are Ms Eve Zoltai and Ms Carole Dejoie as well as parents Mr. Lloyd Scott, Mr. Brian Johnson, and Mrs. Patty Moritz. They're seated in the public gallery. I'd ask them to rise and receive the welcome of the Assembly.

head:

Oral Question Period

Senior Citizens Programs

MR. MARTIN: Mr. Speaker, to the Minister of Health. Today is a sad day for the pensioners of our province because today the first round of the government's slugfest against seniors' benefits takes effect. Some time ago the New Democrats warned this government that its cuts to benefits payable to seniors under the dental benefits regulation will force dentists to balance bill seniors for the amount of the province's abdication in this area. Unfortunately, this has come to pass. I would like to file with the Assembly copies of two letters I received from an Edmonton dentist, one to the minister of culture protesting the cutbacks and one sent to his senior patients announcing that he has been forced to balance bill seniors for dental services. My question to the minister is this: given that this government's policy of cutting seniors' benefits has now resulted in dentists being forced to balance bill seniors, what does the minister have to say to the seniors of our province? Does she still stand by her story that there were no cutbacks to seniors?

MS BETKOWSKI: I certainly have never denied that there were changes in our programs, and one of those is with respect to our benefits under optometric and dental care in the province. As I've repeated in the House, but I think it bears repeating again: we provide dental and optometric programs that are available virtually nowhere else in Canada for our senior citizens. We are asking seniors to pay cost sharing of some of the dental assistance that we provide. Dentists, as we all know, can charge what they wish to for programs. Some have chosen not to balance bill with seniors; some have. However, the first purpose of this program is to ensure that we provide some assistance, substantial assistance in fact, Mr. Speaker, for dental and optometric benefits for seniors.

2:40

MR. MARTIN: Mr. Speaker, the changes in programs are a cruel and heartless attack against our seniors, and I wish they'd get that through their thick skulls on that side.

Mr. Speaker, this dentist points out in his letter that the province has reduced funding from 54.6 percent of the normal 1990 dental fee for seniors to 45.4 percent and that with the normal office overhead of 60 percent he can no longer afford to absorb the costs of the province's failed responsibility in this area. He also goes on to strongly criticize the government's cut to laboratory denture work. Where the government did pick up 100 percent, it now only picks up 80 percent. My question to the minister again: how does this Minister of Health justify these cruel and heartless attacks that will force seniors to pay more for such essential health items as dentures and bridgework? These are not frivolous items.

MS BETKOWSKI: Mr. Speaker, I must say that I find it odd to hear the leader of the New Democrats defending in this Assembly the level of income for dentists.

Let's look at the program and the extended health service and benefits that we do provide to seniors. With respect to the dental goods, that includes restorative, surgical, and prosthetic dental care and repairs to dentures. There is a list of the services that we do fund under the program. That has not changed in this year. There are specific items that are funded. This is not a dental care plan, but it is what it was set out to be; that is, assistance to seniors up to \$960 for the period, which is not offered elsewhere in Canada.

MR. MARTIN: Mr. Speaker, that is totally irrelevant, and the seniors have made that clear to this government. This is a cutback in benefits that they had in this province. I might say to the minister that we're defending the seniors of this province, not the dentists, because those are the ones that are going to suffer. Also, of course, today the government assistance to seniors is cut for buying eyeglasses, over-the-counter prescription medicines: important items to the seniors of this province. My question is a very simple one. Why doesn't this government for once admit that it's made a terrible mistake, admit this, and roll back and repeal these unnecessary cuts to seniors? They'd even get some credit.

MS BETKOWSKI: Mr. Speaker, I believe that the changes we've made in our budget are not only good for Health in this province, with a 10 percent increase, but also good for seniors. I also know that the opposition's total response to any kinds of difficult choices that have to be made is to say – they have actually two responses. The first response is to say: give more money to it. The second response is to defend the status quo. Well, this government and this party is not about doing either one of those. We are resolved to ensure that we present a balanced budget to the 21st century in this province, and we are resolved to ensure that our health programs and health benefits continue to be amongst the best in this nation. [some applause]

MR. MARTIN: Phony balanced budget. Phony balanced budget on the backs of the elderly and the sick, Mr. Speaker. That's right. They can pound all they like. The seniors are going to send them a message in the next election.

NovAtel Communications Ltd.

MR. MARTIN: My second question, I guess, will go out to the Provincial Treasurer, Mr. Speaker. The economic news in Alberta has not been good recently: thousands of layoffs in the province. I want to say that the Calgary area has been especially hard hit. Now, there have been hospital layoffs . . . [interjections]

MR. SPEAKER: Order.

Proceed, please.

MR. MARTIN: Well, I understand their nervousness. There have been hospital layoffs in Calgary, layoffs at Petro-Canada, Canada Packers, Magnesium Canada, SAIT, ALCB warehouse, and so on and so forth. Mr. Speaker, there are some very serious rumours going around about NovAtel, and we all know how much that's cost the taxpayers of Alberta so far and how many people have already been laid off. I understand that there may even be another rumour, that the minister is in Calgary dealing with this matter. To the Treasurer: rather than hearing secondhand rumours, will the Treasurer tell us if it is true that

up to 400 employees in Calgary are in imminent danger of losing their jobs?

MR. JOHNSTON: Mr. Speaker, it is a custom in this House not to deal with rumours. The Member for Edmonton-Norwood has said that he has some speculation or some rumour. I can't comment on that.

What I can comment on, though, is this: "Alberta's Economy Rated Best" in Canada, not by a government, not by anybody we pay, but by external people who look at economies. They have said that Alberta's economy rated best. Now, that's a far cry from what's happened with those governments that have been run by ND parties, a far cry, and we saw the clear evidence of that yesterday where the mismanagement of the Liberal Party compounded by the mismanagement of the ND Party has put that government in some difficult straits. What we do know in Alberta, Mr. Speaker, is the following: Alberta has the strongest economic growth of any province in Canada, Alberta has more investment and more new jobs created here than any province in Canada, and Alberta is on the course of prosperity. It is here so that the people of Alberta know what's happening.

MR. MARTIN: Just typical of this minister: shout all around and avoid the issue. Mr. Speaker, the question was about NovAtel. I want to ask this Treasurer again: seeing that we have millions of dollars in this company and there have been these rumours going around about possible job losses, does it not seem reasonable, here in the Assembly, to tell us what's going on? That's what we want to know about.

MR. JOHNSTON: I have carried on one tradition in this Assembly, Mr. Speaker, and that's to deal with the facts.

MR. McEACHERN: A billion dollar debt.

MR. JOHNSTON: What we have from the Member for Edmonton-Norwood's own mouth is that he's dealing with rumours. [interjection]

MR. SPEAKER: Order, Edmonton-Kingsway.

AN HON. MEMBER: Where's Fred Stewart today?

MR. JOHNSTON: Well, since the member has raised the question of Mr. Stewart's absence, I can tell you that Mr. Stewart is ill today, and in my mind that's a reasonable reason to be away from the Assembly, Mr. Speaker. There's nothing else that's involved here.

What I can say is that we've already announced some adjustments to NovAtel. The Minister of Technology, Research and Telecommunications will return when he's better and will deal with that issue. If there are any changes, he will update the Assembly. What needs to be put on the record, Mr. Speaker, is what this government has attempted to do time and time again: to show clearly that the policies of diversification are working in this province, to show that this province is successful in generating new jobs, in driving new investments, and providing new opportunities for the youth of this province. That's the continuing commitment of this government, that's the continuing commitment of this caucus of ours, and that's what this province wants to hear for the people of Alberta. Infrastructure is at a new high, new universities, amazing investment in the youth of this province through new jobs and new investment. We're

creating the environment for investment and for economic activity, and growth is here in Alberta, Mr. Speaker.

MR. MARTIN: Just because the Treasurer says that, it doesn't automatically follow. The reality is that there have been thousands of jobs lost since the budget. That's the reality.

I want to come back to this Treasurer, Mr. Speaker. I want to ask him once and for all, tell us in the Assembly where we're supposed to know: are 400 jobs being lost in Calgary at NovAtel? Yes or no? Answer the question.

MR. JOHNSTON: Mr. Speaker, the Minister of Technology, Research and Telecommunications has come out and commented before that the management group who have been charged with the review of this company are in the process of examining and restructuring that company. As to whether or not any layoffs will take place, I don't know at this point. There have been several rumours, as the member has pointed out, but I have no other comment about rumours.

Speaker's Ruling Filing Documents

MR. SPEAKER: Before the next member is recognized, the Chair draws to the attention that a document was filed which cannot be accepted. The Leader of the Opposition attempted to file this document during his first series of questions, but under 498:

- (1) An unsigned letter should not be read in the House . . . [and]
- (3) When quoting a letter in the House, a Member must be willing either to give the name of the author or to take full responsibility for the contents.

The letter is not signed, and it carries no letterhead either.

The Member for Calgary-North West. [interjections]
Calgary-North West.

2:50

Loan Guarantees

MR. BRUSEKER: Thank you, Mr. Speaker. Yesterday in the House we tabled the minutes of a meeting between the cabinet and the Calgary Chamber of Commerce in which the Minister of Economic Development and Trade claimed a success rate of 90 percent on the loan guarantees that have been offered by this government. Recently the Treasurer upped the ante and said a 95 percent success rate. Now, even allowing for disbelief between these two numbers, this discrepancy amounts to a \$100 million difference. So I have a brief question to the Treasurer to which I'd appreciate a brief answer. I think Albertans have a right to know whether you've lost \$100 million or \$200 million. Which figure is right?

MR. JOHNSTON: Well, Mr. Speaker, I'm glad the member raised that question. Let me indicate to you that just before the budget process we tabled in the House a very extensive reporting of the guarantees which have been committed to by this province, and in the budget update I in fact included the list of guarantees up to January of 1991. The public accounts show that at the March 31, '90, period, which is the last reporting date, there were \$2.7 billion worth of loans outstanding and guarantees. That included a variety of more than economic initiatives; it included our moral commitment to the financial institutions, student loans, for example, and other kinds of guarantees which were swept into that number. The member could examine it very clearly and carefully himself. He'll find that of the \$2.7 billion worth of guarantees, the public accounts

losses, clearly reported and audited by the Auditor General, show \$33 million worth of write-offs against those guarantees. Even the member Mr. Bruseker can in fact make that calculation, I think, which would show that the number would be about a 1.8 percent provision.

Now, we're saying that as we move through this year, we're seeing some corrections. We know, for example, that student loan losses have reduced this year as opposed to increased. We think the 95 percent number which the member has suggested is approximately in the area. We'll provide more information and continually update that in the next public accounts, which are audited by the Auditor, and that will be fully available for the member to look at when those are brought in.

MR. BRUSEKER: Well, supplementary to that, I'm pleased the Treasurer raised the public accounts, because for 1990 it shows that there's a \$94 million, and the language is: "allowance for doubtful loans and advances" versus total guarantees of \$190 million. Now, for the Treasurer's calculation, that's only a 51 percent success rate. So my question: can the Treasurer explain why there's such a tremendous gap between what he's telling Albertans when he's making a speech and what's published in our public accounts right here?

MR. JOHNSTON: The only gap, Mr. Speaker, is in the member's mind. He doesn't understand the public accounts. I would love to give him a detailed explanation as to the difference between an investment in an entity and a guarantee. He's made the confusion. I'm not going to provide the explanation.

MR. BRUSEKER: My final supplementary to the Treasurer is simply this. Your credibility is on the line here. I think that people don't believe your balanced budget, people don't believe that you're going to deal with the debt, and people don't believe this 95 percent success rate. So the question I have to the Treasurer is: since you just suggested you would, can you show us proof positive that the numbers you claim are correct? Will you show us those documents?

MR. JOHNSTON: Now, Mr. Speaker, when it comes to belief, if it comes to efficacy of wisdom, I would never look to the Liberal Party for that kind of reassurance. I simply have to ask Albertans: who was it that gave us the national energy program, and who was it that gave us the Ontario government position up until about 3 months ago? The people of Alberta know the answer to that.

Mr. Speaker, I would draw the member's attention to the public accounts. The information is clearly set out there. If he goes back and checks other references which I have made in this House with respect to the loan guarantees and the provisions – I think the sections have been quoted. I won't give it to him off the top of my mind. I think it's 2.5. However, I'll confirm that for him. He can check it out, and he can get his vast research department, the \$400,000 investment in his research department, to look at it. It'll keep him busy for some time, I'm sure.

MR. SPEAKER: Lesser Slave Lake, followed by Edmonton-Avonmore.

Native Economic Issues

MS CALAHASEN: Thank you. Alberta has been the host of a national Indian economic development conference in the last

few days. It's exciting to see that the entrepreneurial spirit amongst native people is healthy and indeed is on the rise. Good news, Mr. Speaker, and not the doom and gloom that we've been hearing all along. I'm so happy to see this happening. Would the Minister of Economic Development and Trade indicate how this government has played a role in developing native entrepreneurs to become self-sufficient and thus create jobs for the unusually high unemployment in native communities?

MR. ELZINGA: Mr. Speaker, let me begin by sharing with the hon. member that this government has taken a leadership role as it relates to native issues. If one looks at the land entitlement with the Fort Chip, Sturgeon Lake, and Whitefish bands and the leadership role our Premier has played as it relates to land entitlement and her own role as it relates to Metis self-determination – we're proud that we can play a small role, too, as it relates to economic development amongst our native population. We see major projects such as Al-Pac having a specific native component as it relates to their project. Our department has involved itself directly as it relates to counseling, also in helping the native population access programs, plus we've provided direct financial assistance. We were happy to participate directly and on a financial basis in the conference which the hon. member spoke of. We're delighted to work closely with this native population, which plays a very important role as it relates to the economic development of this great province of ours.

MR. TAYLOR: Did you write the answer too?

MS CALAHASEN: I must commend this government for what it has done for native people, and not just hound people like crazy around here. The oil industry provided many small native entrepreneurs a start. How will we provide encouragement from our government for greater participation in proposed economic development initiatives in the forest industry and particularly in the Lesser Slave Lake constituency?

MR. ELZINGA: Mr. Speaker, we're more than happy to work with the native population and work directly with the member. She has herself taken a leadership role as it relates to the development of our native population. As she is aware, too, we did have a three-year pilot project, BANAC, on which we worked directly with native groups. We are going to continue with that direct liaison whereby they can access our departmental counseling, plus we've offered them some interim financing so that we can help with the development of the native population as it relates to the business community, again acknowledging the contribution that they can make.

MR. SPEAKER: Edmonton-Avonmore.

Child Welfare

MS M. LAING: Thank you, Mr. Speaker. My questions are to the Minister of Family and Social Services. We have received calls from volunteer-sector agencies about being forced to accept fee-for-service funding in place of grant funding. Agencies like Group 5: Sexual Abuse Treatment Centre will be forced to abandon their broad mandates of service, advocacy, education, and innovation. Boards of directors of these agencies contemplate closing agency doors when faced with the betrayal of the agencies' mandate and the difficulties inherent in the fee-for-

service funding. My question to the minister is: will he now rescind his decision to replace grant funding with fee-for-service funding and commit to meeting with volunteer boards in order to find a mutually acceptable solution?

MR. OLDRING: Mr Speaker, I'm always prepared to meet with volunteer boards and agencies across this province. That is an ongoing commitment and goes without question. As it relates to the specific agency that the member referred to, no, I won't commit to rescind a decision that we've made.

MS M. LAING: Mr. Speaker, when we hear that a fee-for-service funding structure may mean that child victims will not be accompanied by a therapist when they go to testify in court and that volunteer board members may have to provide collateral for a line of credit in order to pay the staff and the rent, we have to question the minister's commitment to children. My question: will the minister now explain to this Assembly what action he will take to ensure that the best interests of children will not be sacrificed to the need to balance the budget?

MR. OLDRING: Mr. Speaker, let me make it very clear that our commitment to children is first and foremost, and in this particular situation what we really are putting first and foremost is children. What we're really talking about, Mr. Speaker, are options and choices for children.

Now, here in the city of Edmonton there are three or four agencies that were funded by contract. We've changed them over to a fee-for-service basis, Mr. Speaker . . . [interjection]

MR. SPEAKER: Order. You've asked your question.

MR. OLDRING: We've changed them over to make them on equal footing with the other many agencies in this city that are able to function very effectively, very efficiently on behalf of children. What we've done in this situation is recognize that in this instance the contract for services was a very costly means of providing these services. Mr. Speaker, through this process – and I would think the member would be delighted – we're going to make sure that not just one agency is available to children but that many agencies are available to children and that parents and frontline social workers will be able to choose from any of those agencies on an equal basis.

Speaker's Ruling Decorum

MR. SPEAKER: The Chair apologizes for a side comment it made to some hon. members who were making a lot of noise up at this end of the Chamber, but there's a growing tendency in here to have too many of these conversations. The general noise level picks up, and it's very difficult for all members to hear including the Chair.

Edmonton-Meadowlark.

3:00 Buffalo Lake Stabilization

MR. MITCHELL: Thank you, Mr. Speaker. The government's own environmental impact assessment on the Buffalo Lake stabilization plan establishes that 87 percent of the benefit of this project will accrue to 780 lakeshore property owners. This represents a direct monetary value of \$15,000 to each of these property owners from Alberta taxpayers. At the same time, in fact the Water Resources Act authorizes government to assess directly those people who will benefit from a project of this

nature their share of the costs of this project. My question is to the Premier. Why will the Premier not invoke the Water Resources Act and require that the property owners in the Buffalo Lake area, each and every one of them his neighbour, be assessed directly their share of the cost of this otherwise irresponsible project?

MR. GETTY: Well, Mr. Speaker, the hon. member obviously had a question for the Minister of the Environment and, with him not being here, wanted to lay it off in some way. When we have a panel now that has been appointed by the minister, a panel of three respected Albertans who are holding hearings on this matter, I'm not even sure that we should even participate in trying to discuss it until they come in with their report.

MR. MITCHELL: I have a sneaking suspicion, Mr. Speaker, that the Premier knows a great deal about the status of this project and where it's going.

My question is to the Premier: how can the Premier even consider for one moment handing each of those 780 property owners, each and every one of them his neighbour, \$15,000 of Alberta taxpayers' money for none other than their own benefit and certainly for the net benefit of absolutely nobody else in this entire province?

MR. GETTY: Mr. Speaker, I don't know whether the hon. member wants to persist along this line when he knows the Minister of the Environment is responsible for it, but I should point out to him that the matter that the three-person panel is looking into is a matter which provides water to the town of Mirror, water to the town of Alix. It prevents flooding on farmlands along Parlby Creek, and also it has the potential to improve the stabilization of Buffalo Lake. It's a very complex but important project in central Alberta.

MR. MITCHELL: With a negative \$2 million . . .

MR. SPEAKER: Order please. You've asked your questions.

MR. GETTY: Now, the Minister of the Environment has seen fit to have public hearings on this matter and has appointed three respected Albertans, and we should wait and have their report.

MR. SPEAKER: Athabasca-Lac La Biche.

Alberta-Pacific Pulp Mill

MR. CARDINAL: Thank you very much, Mr. Speaker. My question is to the hon. Minister of Economic Development and Trade. Alberta-Pacific Forest Industries will commence construction of their \$1.3 billion pulp mill today, creating thousands of much needed jobs for my constituency, possibly the end of welfare and poverty for a lot of my constituents in northern Alberta. Not like Ontario's economic vision, where they chase away industries and create welfare. In Alberta we don't do that. My question to the hon. minister is: will the minister brief this Assembly as to what impact this industry will have in Alberta?

MR. ELZINGA: Mr. Speaker, the impact is going to be enormous, and we're delighted that we can involve ourselves with a project that is most environmentally sound, probably the most environmentally sound throughout the world. It's going to

follow through as it relates to our further economic diversification within this province. If you talk about jobs, there are going to be thousands of jobs created: gravel haulers, water haulers, construction workers. I commend the hon. member for the leadership role he has played. We look at just the jobs: some 2,800 jobs in construction, some 440 ongoing jobs once it's completed, and some 660 jobs as it relates to collecting the wood supply. The spin-off jobs are enormous for his region alone, some 825 jobs, and on a provincewide basis an additional 825 jobs.

Not only that, but it's important as it relates to the taxation component that will accrue to the county in which they're locating and also to the provincial government, because it is important that we have individuals working creatively so that we can in turn continue with our strong social support through our health, education, and environmental policies.

MR. CARDINAL: Thank you very much. Mr. Speaker, my supplemental is to the hon. Minister of Career Development and Employment. Now that we will have jobs in my region finally, we will need a lot of training programs to make sure that people access jobs that are going to be there. Could the minister brief this Assembly as to what action his department is taking to make sure that local people access these jobs?

MR. WEISS: Well, Mr. Speaker, it's a very important facet of the overall program. I must say thanks and compliment the hon. member for his input to the deliberations and discussions we've had.

In addition to the \$9 million forestry training program announced by our government last year, we'll be working closely with the Opportunity Corps both in Calling Lake and in Lac La Biche. In addition to that, we're initiating setting up a mobile training centre that will be located in near proximity to the plant and in his constituency. This will be a first in Alberta, I might add, and a trial project. We'll be endeavouring to assist and develop local training programs so that there'll be long-term, meaningful jobs for those local citizens.

MR. SPEAKER: Calgary-Mountain View.

NovAtel Communications Ltd.
(continued)

MR. HAWKESWORTH: Thank you, Mr. Speaker. At 2:30 this afternoon NovAtel made announcements in Calgary of layoffs worldwide of 387 employees; 340 of those job losses will be in Calgary. No wonder the Provincial Treasurer said the minister of technology . . .

**Speaker's Ruling
Supplementary Responses**

MR. SPEAKER: Hon. member, may I interject for just a moment. In the last three minutes a note was sent to me by the Provincial Treasurer wishing to make a statement at the end of question period dealing with the first line of questions which the Leader of the Opposition did raise, and it came to me in the form that he had just been notified. So, please, now continue.

MR. HAWKESWORTH: Well, no wonder . . .

MS BARRETT: Sure, Mr. Speaker, and I've got a bridge to sell.

MR. SPEAKER: Excuse me, hon. Member for Edmonton-Highlands. I don't wish to get into dialogue with you. [interjections] I have the note here. I had already just sent a note back to the minister saying that at the end of question period he would be able to make whatever his comments were and that the Leader of the Opposition would then have opportunity to reply, followed by a final comment by the Treasurer.

MR. McEACHERN: It may not be necessary now.

MR. SPEAKER: Order please. This is just a matter of clarification for the House.

MR. McEACHERN: Well, we could just suspend the . . .

MR. SPEAKER: Thank you, Edmonton-Kingsway. [interjection] Button up, Edmonton-Kingsway.
Now, Calgary-Mountain View, please continue.

NovAtel Communications Ltd.
(continued)

MR. HAWKESWORTH: Well, thank you, Mr. Speaker. The facts indicate that this announcement was received here at 1:47 this afternoon from Calgary. In responding to the question from the Leader of the Opposition this afternoon the Provincial Treasurer tried to leave the impression that these layoffs were not coming. So I'm going to ask the Provincial Treasurer: was he unaware of this announcement, or was it a deliberate attempt to throw off the Leader of the Opposition from his questions and, indeed, perhaps to mislead the Assembly about the layoffs coming?

3:10

MR. JOHNSTON: Mr. Speaker, *Hansard* will show what the Member for Edmonton-Norwood said: would you respond to a rumour? I said: no, I will not respond to a rumour. At the end of question period I'll provide more details with respect to what has been revealed to us since the question period was called at 2:30.

MR. HAWKESWORTH: Mr. Speaker, there are 116,000 unemployed Albertans in this province, and this announcement by NovAtel today only adds hundreds of fellow Albertans to this figure. It also puts the lie to the efforts by this government to try and talk about economic growth and prosperity in this province. There's certainly no economic growth for these Calgarians and their families, who are now facing unemployment. Given that unemployment in Calgary has skyrocketed from 6.7 percent in March of a year ago to 8.3 percent in March of this year, plus these additional layoffs being announced, how can the Premier justify his government's do-nothing approach to job creation in Calgary and elsewhere in the province?

MR. GETTY: Mr. Speaker, I see he tried to switch where he wants the question to go, so I'll be happy to explain to him, as we've explained to people all over Canada, that Alberta is the only province in this country that is strong and growing and healthy and diversified. Alberta is the only province with a balanced budget. Alberta, as the budget document pointed out, will be creating some 20,000 new jobs in this province. As well, we will be taking in a lot of people who are moving here because they see that the place where they want to place their future in is Alberta, a strong, healthy Alberta. They're getting away from that NDP bunch in Ontario. They want to head here,

where they know they're going to have a future, a strong healthy future. That's the message to the hon. member.

MR. SPEAKER: Edmonton-Calder. [interjection] Edmonton-Calder, not Edmonton-Belmont.

Children's Mental Health Services

MS MJOLSNESS: Thank you, Mr. Speaker. In spite of the fact that the Minister of Health has allocated some money for children's mental health, there still is no plan for spending, no priority list for projects, and no assessment of what the most critical needs of these children are. As a result, the only way that many families can access services for their child who may suffer from a mental illness is to give up custody of their child to the child welfare system. To the Minister of Health: when will this minister commit to a single point of entry for children who suffer from a mental illness in order that they can receive proper assessment and referral to services and can remain in the custody of their families, where they belong?

MS BETKOWSKI: Mr. Speaker, I'm very much in agreement with the hon. member that it is lamentable that one of the previous routes to assistance for mental health was only through the child welfare system. That is changing, albeit not as quickly as some of us would like. This year our increased endowment of \$1 million on top of the \$2 million already dedicated specifically for mental health for children will mean that we'll be adding an additional 27 full-time positions within our mental health clinics for the specific purpose of dealing with children.

MS MJOLSNESS: Mr. Speaker, recently a report was issued entitled Let's Get on with It, and I'm sure that the minister is familiar with it. It had input from many groups, many community agencies. Given that they identify a desperate need for emergency treatment and beds on a 24-hour basis, will the minister act immediately to ensure these services are made available to children who so desperately need them?

MS BETKOWSKI: Mr. Speaker, I don't pretend to have all the answers with respect to how we might best implement our children's mental health initiatives, but in fact the Edmonton regional planning council, which is made up of the heads of all the acute and the public health agencies in Edmonton, has identified children's mental health as one of the key priorities that they want to look at in terms of the inpatient capacity. As well, children's mental health obviously goes far beyond just the inpatient capacity, and we have to look at the community support system. As a result, our interdepartmental working group is working with the community agencies, including the nongovernment agencies, to make sure that the co-ordination of these new and expanded dollars go to the service most needed for children and their mental health.

MR. SPEAKER: Edmonton-Whitemud.

Senior Citizens Programs (continued)

MR. WICKMAN: Thank you, Mr. Speaker. During the last few days we have witnessed a tremendous outcry at this government for their attack on programs for seniors: additional user fees, increased costs, tax on their air, on the oxygen they use. Now I am informed that seniors who were enticed into two-bedroom subsidized units are being pressured into moving into one-

bedroom units, creating significant disruption and inconvenience for them. I'm going to make an appeal to the Premier. Will the Premier intervene on behalf of seniors in this province to put an end to this unnecessary pressure on them by his government's drastic changes in programs which so dramatically affect their life-styles?

MR. GETTY: Mr. Speaker, it's a matter that the Minister of Municipal Affairs would be responsible for, and I've asked him to respond.

MR. R. SPEAKER: Mr. Speaker, there is no policy such as the hon. member has outlined. I'd be very interested in the case that he has in mind. As far as a policy directive from this minister or from the government, there has been none to that effect, and there should be no circumstances created as the hon. member has outlined to this Assembly.

MR. WICKMAN: Mr. Speaker, to the minister responsible for housing: when we supply the material that we're prepared to supply indicating pressure on seniors to relocate from two-bedroom units to one-bedroom units, will the minister give this House his assurance that he will direct Alberta Mortgage and Housing Corporation to put a halt to this pressure?

MR. R. SPEAKER: Mr. Speaker, I repeat again: as a government and as a minister I have given no directive to that effect. If that kind of directive exists in the system, I will deal with it, but as far as I'm concerned, there isn't a directive to that effect. If one of the foundations or one of the housing authorities across the province is dealing with the seniors to that effect, I will discuss the matter with them directly and reach a settlement that is satisfactory.

MR. SPEAKER: Smoky River.

International Offices

MR. PASZKOWSKI: Thank you, Mr. Speaker. Referring to a document published by the Leader of the Opposition, February 20, '91, entitled Savings for Albertans: Ending Waste Without Cutting Quality, he suggests that the foreign offices are ineffective and indeed should be closed. This displays their usual effective thinking here; it's a true display of it. To the Minister of Federal and Intergovernmental Affairs: would the minister share with the Assembly just what is the purpose of these offices? What purpose do they serve?

MR. HORSMAN: Mr. Speaker, I noted with interest the document referred to by the hon. member as having been put out by the Leader of the Opposition, and of course it is so typical of the shortsightedness of the opposition. All they are interested in doing is applauding when jobs are lost and opposing the creation of new jobs; that's all the opposition is interested in seeing.

I tabled in this Assembly for consideration by all Albertans a report on Alberta's international offices. It's relatively brief, and it's fairly easy to read. Even members of the opposition should be able to understand the facts that are disclosed in this document. I point out that in one fiscal year ending at the end of March of this year, over 1,256 Alberta companies have been served by the six offices which we have. Now, I note that the Leader of the Opposition had proposed that we should only have three, and if we were to be in that position, it would put

us, in terms of other provinces, behind Nova Scotia, behind Saskatchewan, and at the same level as Manitoba. Quite frankly, it is so foolish, in the extreme, to think about pulling in the salesmen when we really need people out in the global marketplace of the world to promote Alberta as a place to do business.

3:20

MR. SPEAKER: A brief supplementary.

MR. PASZKOWSKI: Thank you, Mr. Speaker. Quoting further from the document: by ending junkets and cutting staff, enormous savings could be incorporated. To the Minister of Economic Development and Trade: would this move indeed result in savings to Alberta? What would be the financial ramifications to this province?

MR. ELZINGA: I am glad that the hon. Member for Smoky River has again highlighted the New Democratic policy: forget about jobs but create welfare. They want welfare; we want jobs. It's important to note, Mr. Speaker, that the NDP want welfare; we want jobs.

The exportation of goods from this province plays a very important role as it relates to the economic well-being of this province. It is estimated by senior economists that for every billion dollars worth of goods, there are some 19,000 jobs created within the province of Alberta. If you were to equate that to the some \$17 billion worth of products and services that we export, it's so, so crucial that we have access to markets other than our own. That is why we have our offices, that is why we've adopted a threefold policy for trade: firstly, to the U.S. in our support of the free trade agreement, which the Canada West Foundation just recently indicated in a two-year report has been very positive as it relates to the province of Alberta in the creation of jobs; secondly, we want to make sure that we have added access to the Pacific Rim and also to Europe 1992.

Mr. Speaker, the bottom line is: these offices, as the Deputy Premier indicated, create jobs for the residents of the province of Alberta.

MR. SPEAKER: Edmonton-Kingsway.

North West Trust Company

MR. McEACHERN: Thank you, Mr. Speaker. Four years ago this government decided to bail out North West Trust and Heritage trust rather than let those companies go bankrupt. The government did so by rolling their soft properties, both mortgages and real estate, into a company known as Softco. The Treasurer said at the time he got the \$277 million from the Canada Deposit Insurance Corporation that this bailout would not cost Alberta taxpayers 1 cent. Now, given that Softco's deficit two years ago was \$30 million, and that's the last statement we have, has the Treasurer not released further financial statements because he's afraid there'd be some bad news for Alberta's taxpayers?

MR. JOHNSTON: Mr. Speaker, if there's anything that's good news, it's good news for Alberta about North West Trust. I'm surprised that the member continues to go down this alley of questioning because it is a blind head for him, I can assure you.

Let me describe what happened with respect to the North West Trust transactions, since the member has raised the confusion point about it. First of all, North West Trust was stripped of all its nonperforming loans, real estate in particular,

and the real estate was moved to another company. That real estate had a valuation of about \$300 million or so at that time. In the meantime, CDIC, who is the federal depository guarantee, a federal agency, the federal government, transferred to North West Trust some \$277 million. So, Mr. Speaker, what we ended up with was a perfectly clean company with new money, federal government money, and the province of Alberta ended up with \$300 million worth of real estate assets which did not cost the province of Alberta anything. Now, if that isn't a good deal for Albertans, I don't know what is.

What that's enabled Alberta to do is the following. First of all, everyone knows that one of the very important elements for expansion of the private sector, generating new investment, providing financing opportunities for new investors in the province, is to have access to a pool of capital, to be able to borrow money, to be able to expand their businesses. Mr. Speaker, we were able to do that, to stabilize that financial institution at a time when there was some question about the financial integrity of the firms here in Alberta. They're stabilized; they're performing. Now North West Trust has an equity of well over \$100 million. The second thing that we were able to do was control the sale of the assets given to us by the federal government so that we did not impact the market: gradually selling them into the marketplace, gradually selling them to the private sector, where they belong, and managing both processes so it didn't disrupt the economy but still sustaining . . .

MR. SPEAKER: Thank you.
Supplementary.

MR. McEACHERN: Well, of course what they did, Mr. Speaker, was give all the good properties to their friends and leave the taxpayers holding the bag on the bad properties.

Given that the bank debt of Softco . . .

MR. JOHNSTON: Mr. Speaker, if that's the question, I'll be glad to answer it.

MR. McEACHERN: It was a statement. [interjections]

Speaker's Ruling Supplementary Questions

MR. SPEAKER: The hon. Member for Edmonton-Kingsway has fallen into a trap of his own making, but he's not the only one to do it in this last week. There have been a number of other members who have asked rhetorical questions, but the problem is that it's a question. So I'm sure that in future all hon. members will just ask questions.

Now, would you like to proceed with a succinct supplementary.

North West Trust Company (continued)

MR. McEACHERN: I made a statement not a question, but that's beside the point.

Mr. Speaker, the bank debt guaranteed by the province has now grown to \$130 million for Softco's bank debt. Considering that Softco is also paying on \$80 million worth of promissory notes to North West Trust, isn't it true that these notes are being paid by borrowing money at the bank and that that money is guaranteed by the taxpayers of this province and that we do stand to lose money if that continues?

MR. JOHNSTON: Mr. Speaker, I know that the member is confused.

MR. McEACHERN: Give us the books then.

MR. JOHNSTON: I'm sure that anybody who listened to that question would be confused as well. I've explained what happened.

MR. McEACHERN: What about Softco?

MR. JOHNSTON: North West Trust is generating money. This past year the company made a \$7 million profit.

Speaker's Ruling Interrupting a Member

MR. SPEAKER: Hon. Treasurer, please take your seat.

Hon. Member for Edmonton-Kingsway, on about three other occasions this afternoon I've had to call out to you to keep from yelling across the floor. Now, the same thing is happening here. You've asked your second question. [interjections] Order please. The Chair has allowed you to continue, but now you've interrupted the Treasurer three times in his attempt to reply to your question. Now, please, you have to learn the rules of the House and stop that interruption.

MR. MARTIN: Well, if he stands up . . .

MR. SPEAKER: Thank you, hon. Leader of the Opposition. You're not involved in this. [interjection] You're not involved in it. Thank you.

Now, the Provincial Treasurer briefly. [interjections] Order please. Provincial Treasurer.

North West Trust Company (continued)

MR. JOHNSTON: This is really tough on me, Mr. Speaker. I can't provide the information to Albertans who want to know what's happening with North West Trust.

We have provided and will continue to provide information in the House, filing the returns of North West Trust, the returns of Softco. What I can say is that we expect that by the end of 1991 we'll essentially be out of the real estate assets. We'll have sold them gradually back into the marketplace, and we'll then wind up the so-called real estate soft company. In the meantime we'll have stabilized a very important trust company; we'll have provided profits to the trust company. Then we will put the trust company back into the private sector, where it belongs, cleaned up, stabilized, providing services to the business people in Alberta, and the real estate will have been moved off into the private sector's hands. All of that will be accomplished with no money on behalf of the taxpayers of Alberta, all paid for by the federal government. To my mind that's what government's about: doing things for the private sector, stabilizing the economy where necessary, and getting on with the job of making this economy very strong for Albertans.

MR. SPEAKER: Provincial Treasurer, briefly, and then the Leader of the Opposition, and then the Provincial Treasurer once more.

3:30 NovAtel Communications Ltd. (continued)

MR. JOHNSTON: Mr. Speaker, I wanted to comment that during question period apparently NovAtel did make a press announcement with respect to a restructuring in the Calgary

operation. It is a restructuring, as I said in the House, we had expected. As the Minister of Technology, Research and Telecommunications had explained before, additional restructuring of the company was necessary. I understand that through the period of question period NovAtel did make an announcement with respect to Calgary. Additional details will be provided, I'm sure, at the end of question period through the NovAtel company. I can't comment on them, but the minister will return; he'll be able to handle those questions. I want to say that I was not responding to rumours. The information took place after question period, and that information is available now through the normal press situation.

MR. MARTIN: It's because of this government's bungling that we own this particular company, Mr. Speaker, and I find it hard to believe that the Provincial Treasurer, with the major announcement that we heard about, wasn't aware of it.

My question to this government is this: why wasn't this announcement made in the Legislature instead of hearing it secondhand? If the Treasurer says he didn't know, I take his word on it, but it should have been done in the Legislature. Why wasn't it?

MR. JOHNSTON: Mr. Speaker, let me make two points. First of all, this company has always been in the government's indirect or direct ownership through the Alberta Government Telephones - AGT - Commission, and therefore it's always been part of our assets attempting to expand the telecommunications industry. It has in fact been an effective way in which to operate. It has gone through the changes in the global marketplace in which telecommunications, the recession in other parts of the world, has impact on this entity. Secondly, this is a decision that's made by a board of management appointed by the government, given the responsibility to deal with these problems to handle the restructuring question, and they're doing just that. We believe and trust these people can handle it. They're the ones who are close to the information, and they work on an agenda which I think is an economic agenda based on the best interests of the company.

head: Orders of the Day

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

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried. Thank you.

We will start with Lesser Slave Lake, followed by the Minister of Health, and Westlock-Sturgeon.

Lesser Slave Lake? Lesser Slave Lake, introduction? Oh, I'm sorry; it's me that's wrong. Happens lots.

Athabasca-Lac La Biche.

head: Introduction of Special Guests (reversion)

MR. CARDINAL: Thank you very much, Mr. Speaker. Briefly, I'd like to introduce to you and through you to the Assembly 32 students from the W. R. Froese school in Fawcett in my constituency. They are seated in the public gallery, and they are accompanied by their teachers Mrs. Nancy Ross and, I believe, possibly two other teachers Mr. Roy Woolsey and Mrs. Lois Simpson. I'd like them to rise now.

MS BETKOWSKI: M. le Président, c'est mon grand plaisir de vous présenter 64 étudiants qui sont en échange de la belle province de Québec. These exchange students are being hosted by students and families of l'école Notre Dame school in the Edmonton-Glenora constituency, and accompanying them are the following teachers and parents from Québec: M. Bernard Tessier, M. Louis-George Héroux, Mme Joann Bérubé, M. Pierre Fleury, Mme Colette Beauchamp, M. Raymond Sabourin, Mme Sabourin, M. Claude Préfontaine, M. Gaston Perreault, et M. Guy Scherrer. We welcome our visitors from Québec et leur souhaitons la bienvenue en Alberta.

MR. TAYLOR: M. le Président, c'est mon plaisir de présenter 15 étudiants de l'école Citadelle de Legal, une nouvelle école francophone. These are members in an overall group, and the Minister of Health has already introduced some of the people accompanying them. I'd ask the House to greet them in their usual friendly fashion.

head: **Committee of Supply**

[Mr. Schumacher in the Chair]

MR. CHAIRMAN: Order in the committee, please.

head: **Main Estimates 1991-92**

Energy

MR. CHAIRMAN: The committee has less than two hours to consider the estimates of a very important department of the government of the province of Alberta. Therefore, I'd ask the committee to come to order and invite the minister to introduce his estimates, which commence at page 121 of the main book, with the elements being found at page 45.

The hon. Minister of Energy.

MR. ORMAN: Thank you. Mr. Chairman, members of the Assembly, I'm pleased today to submit the estimates for the Department of Energy for the fiscal year 1991-92 along with four agencies that report to me: the Alberta Petroleum Marketing Commission, the Alberta Oil Sands Technology and Research Authority, Alberta Oil Sands Equity, and the Public Utilities Board. The estimates for the Energy Resources Conservation Board, which also reports to me, will be part of the Executive Council estimates that will be before the Assembly on Friday.

Mr. Chairman, the total allocation for the Department of Energy is \$67,185,691, which represents for the total ministry a decrease of 28 percent over last year's estimates. Excluding the Alberta Oil Sands Technology and Research Authority budget, that is a decrease of 12.5 percent for the ministry outside of AOSTRA.

Mr. Chairman, it is clear to us, both in the department and in the government, that Albertans want to live within their means. One thing they want to avoid is this never-ending debt accumulation, a practice which obviously imperils the future of our youth and, of course, diverts taxpayers' dollars towards costly debt servicing. Our government has listened to Albertans, and we have brought in a balanced budget for the fiscal year 1991-92. In the department, along with other departments of government, we will be able to maintain our priority commitment to health care and education and assistance to those in need. It's becoming increasingly clearer to governments worldwide that there is a limit to the ability and the willingness of taxpayers to support increasing government expenditures.

I'm proud to say that the Department of Energy fully recognizes that message as do the agencies that report to me, and we are committed as a department and as agencies of government to reduce our expenditures and continue to deliver a high level of service to Albertans.

Mr. Chairman, I'd like to compliment the executive management of the department and the four agencies for their diligence and creativeness in being able to reduce expenditures of government and at the same time improve efficiencies in the department. I would be remiss if I did not acknowledge the agencies' staffs' professionalism, their hard work, and their commitment to do more with less in the fiscal year 1991-92.

3:40

Mr. Chairman, with regard to staffing in the department and the agencies we have seven layoffs. Six layoffs were a result of the disbanding of the Alberta Electrical Energy Marketing Agency and transfer of its responsibilities to the Department of Energy. That, on an annualized basis, is a cost saving of some \$400,000 and at the same time will strengthen the co-ordination of the government policy in this particular area. The only other layoff has been at the Alberta Petroleum Marketing Commission. The number of permanent positions in 1991-92 will slightly increase to 690 from 684. This is basically as a result of a decision to convert fee-for-service contracts to permanent positions in the mineral revenue division, an area of our department that is very important in terms of maximizing revenue collection for the government of Alberta. Now, to partially offset this, 13 positions in finance and administration have been transferred or eliminated. All affected staff have been redeployed within the department.

I'm pleased to note that a number of the positions allocated to the sustainable energy development division will increase the total number of employees in that area to 43 from 38, more than a 13 percent increase. This division was created last year to have the responsibility of environmental matters and to deal with energy efficiency promotion. It's a growing area of importance, the environmental areas, Mr. Chairman, and there is a determination on behalf of our government to encourage public consultation on environmental matters, initiatives such as the clean air strategy for Alberta, and that will be conducted and co-ordinated by that particular department of government.

The people of Alberta have been blessed with an abundance of resources in this province. With regard to my responsibilities, nonrenewable resources, it is a major source of revenue to this province. The cornerstone of the government's energy policy is to ensure that the people of Alberta, the resource owners, receive full value for these resources. This will continue to be our policy. Mr. Chairman, in 1991-92 the estimated revenues from our energy resources will be \$3.23 billion, which is really 26 percent of our total provincial revenue. By way of comparison, our income taxes collected are about 24 percent of Alberta's total revenue, so you can see that there is a nice mix and match in terms of percentage contribution to the revenues of the province.

Mr. Chairman, the 1980s really demonstrated how important energy revenues were to the province of Alberta. In the six fiscal years between 1980 and 1986 energy revenues to the province averaged annually \$4.4 billion. In the last four fiscal years energy revenues averaged \$2.2 billion, a 50 percent decline. Expressing that another way, the government of the province of Alberta had one-half of the energy revenues it had for the previous six-year period, 1980 to 1986. No other government in Canada experienced such a savage attack on its revenue side.

In the fiscal year 1985-86 our energy revenues were \$4.4 billion. The very next year, 1986-87, energy revenues fell to \$1.6 billion. That's a 64 percent drop in one fiscal year over the next. In other words, in 1986-87 we had about one-third of the energy revenues that we had the previous year.

Now, there is a close correlation, obviously, between the decline in energy revenues and the annual increment in the provincial debt since the 1986-87 fiscal year. Mr. Chairman, energy revenues for the 1991-92 fiscal year are estimated at \$3.23 billion. That's up significantly from the \$2.79 billion last fiscal year. In fact, it represents a 15.8 percent increase.

Now, with regard to crude oil revenues, we estimate that royalties from crude oil will be \$1.343 billion, or \$45 million less than last year. This will be the result of a continuing decline in productivity of our conventional oil and, obviously, lower prices. Reduced crude oil prices this year compared to 1990 will be partially offset by a lower exchange rate, which has a very significant impact on our revenues as we export most of our energy resources. Another factor to help offset lower crude oil prices is the wind down of our crude oil royalty holiday; 1991-92 payments under this program will be reduced by \$50 million.

Mr. Chairman, we expect royalties from synthetic and bitumen to rise substantially this year to \$158 million from a level of \$44 million last year. That is a 259 percent increase. This increase is a result of higher oil prices, which will see the elimination of Syncrude's loss carry-forward. Beginning late in 1991, the province will receive royalty payments from Syncrude at the end of the loss carry-forward period.

With regard to natural gas and by-product royalties, Mr. Chairman, natural gas and its by-products are expected to increase by \$207 million to \$1.309 billion, or a 19 percent increase. About \$30 million of that increase will come from increased revenues from gas by-products. The remaining increase will come from increased gas sales. We believe that gas sales volumes in 1991-92 will increase 281 billion cubic feet over last year's volumes. The greatest increase will be in the export market, followed by increased sales to other parts of Canada. The increased volumes will result from the increased pipeline capacity to central Canada, increased capacity to the U.S. midwest, to the U.S. northeast, and higher demand arising from a return to more normal weather conditions.

Mr. Chairman, a moment on the weather. This past winter some of our markets experienced very mild and unseasonably warm weather. For example, the U.S. recorded 14 percent fewer days below 65 degrees Fahrenheit, and actually the average annual temperature for North America was 15 degrees higher than it was in 1990. Looking at long-term weather patterns, we expect next year to return to normal conditions.

With regard to coal, Mr. Chairman, coal revenues through the royalties will remain at about \$16 million. We expect export coal prices will remain stable. The total value of coal production will remain about the same as it was last year.

Bonuses and Crown lease sales. The sale of Crown leases and bonuses will increase \$575 million. That's up from \$425 million last year. One of the factors is that the limit for the number of parcels and hectares offered for sale has been increased. For parcels the limit is now 300, up from 275; for hectares the limit is now 105,000, up from a hundred thousand.

We also expect that in 1991-92 industry exploration and development spending will rise moderately, and companies will spend more than they did last year as a result of additional accumulated revenues.

Rentals and fees. Mr. Chairman, we expect revenues from rentals and fees to rise to about \$104 million for this fiscal year. This is an increase of \$8 million over last year.

3:50

We have over the last couple of months, Mr. Chairman, looked at the issue of the estimates for our revenues based on predicting a price for world oil. As I've indicated previously, it's not an easy task. There is a wide divergence of views with regard to pricing. There is also some inconsistency in that price, and of course there are so many factors that come into play. Not only is it economic growth and demand for crude oil, but it's geopolitics around the world. Trying to mingle those two together and come up with a price makes it very difficult, although I should say that in four out of the five last years, as pointed out by our Provincial Treasurer in his Budget Address, we have been correct.

Mr. Chairman, I should for the record point out a few of the international forecasters, respected forecasters, and the prices that they predict for the coming year. These are all in west Texas intermediate at Cushing, Oklahoma. Burns Fry predicts \$23; Goldman Sachs of New York picks \$23 and \$25 for 1992; Infometrica out of Ottawa picks \$22.50; First Boston corporation predicts \$22.50; Peters & Co. from Calgary predicts \$22.50; Shearson Lehman, \$21.50. The range goes on. So we have picked a number that we believe is consistent with what we are being told. I should say that Burns Fry, Goldman Sachs, and Peters & Co. have been relatively good in their predictions over the years. We've relied on their predictions, and two out of three picked the \$23 price.

Mr. Chairman, there are, as I pointed out, a variety of international agencies that forecast. All we can do is pick a number. It was a very difficult period in which we picked a number, because obviously the Middle East situation was unsettled. We moved from a price of \$27 to \$25 to \$23 given the unfolding circumstances during the period that Treasury Board was contemplating a price. At the current time the price is in the range of \$20 to \$21, and historically this is a very soft period. This is a shoulder period in energy terms because it's a period of weak demand. There is obviously a low demand from refineries due to maintenance and turnarounds at this particular time of year, but we have seen a phenomenon that U.S. inventories, international inventories of gasoline were low, and therefore there was a higher than usual demand for crude oil in the shoulder months of the spring of 1991.

Mr. Chairman, energy investment, we believe, will grow to about 18 percent in 1991, and this is in addition to the 10 percent increase that we experienced in 1991 over 1990.

Alberta has captured almost 7 percent of the United States natural gas market. We expect this will continue to grow. Export quantities of Alberta natural gas are now approximately double the amount sold in 1986, and this is because natural gas is becoming the fuel of choice. Mr. Chairman, that's fortunate, because Alberta has vast natural gas resources. Unfortunately, pipeline capacity to the United States and other parts of Canada is somewhat constrained. We expect to increase our sales by 50 percent by the end of 1995.

Drilling in Alberta during February this year was 217 rigs drilling, the second consecutive month that drilling had reached levels not attained since September 1988. Year to date: the average for the eight-week period ending February 26, 1991, was 216. This represents an increase of 27 percent over the comparable eight-week period for rig activity last year.

On the nonconventional sector, Mr. Chairman, we are in decline on the conventional side, and therefore our oil sands development is very important to us. The Syncrude project is having a significant impact on our crude oil production profile, and the original investment of \$2.3 billion is paying off. Since 1978 there has been a further \$2 billion expenditure in capital spending at Syncrude. Employment is more than 4,500 at this particular time, and 2,100 contracted staff. This is in addition to the 16,000 direct and indirect jobs associated with the venture.

The profits for Alberta's Syncrude equity investment, of which we hold 16.74 percent, were \$22.5 million in 1988-89. Profits for the first 11 months of 1990-91 were \$79.6 million, up substantially. The profits of Alberta's equity position since the project started in 1978 to the end of February of 1991 were \$515 million. Royalties on top of that, Mr. Chairman, exceeded \$1 billion. The Alberta Heritage Savings Trust Fund investment in Syncrude as of March 1990 is \$514 million.

Mr. Chairman, the next generation of oil sands development is the OSLO project. It has national importance, and certainly the fact that the federal government has not to this point seen fit to support the development of this project is somewhat unsettling for the province of Alberta. They stand to gain in excess of \$10 billion in taxation from the development of this project. We do not see it as an expenditure but an investment, as I pointed out with Syncrude.

On environmental issues there has been increased concern internationally for the environment, and there is a requirement for enhanced awareness and a requirement for the protection of the environment, such as issues relating to air quality and the greenhouse effect. We're trying to achieve the twin goals of economic development and environmental protection in our energy development policy. Over the last year our department has changed to respond to this condition, and as I indicated earlier, we had a re-organization and established last year a new division called the sustainable energy development section. That particular section is playing a very important role in, as I indicated, the twin objectives of economic development and environmental protection.

Mr. Chairman, I wish to point out that the budget for 1991-92 for the energy efficiency branch will increase 34.8 percent to \$1.487 million, and certainly that is a reflection of our emphasis in this particular area.

With regard to the clean air strategy, which I mentioned earlier, the environmental affairs branch, which is a new branch, has been given a budget of \$721,643 to co-ordinate the clean air strategy for Alberta, which is an initiative jointly sponsored and managed by Alberta Environment and Alberta Energy. It is an initiative that has an advisory group seeking input from Albertans, that is comprised of representatives from environmental groups, the oil and gas industry, municipal governments, the native community, and public health groups. We expect their report to be submitted later this fall, and we certainly look forward to the results.

Mr. Chairman, I also have a strong commitment to the renewable energy initiatives that are springing up across the province. The southwest Alberta renewable energy initiative is certainly an initiative that is leading western Canada's largest renewable energy program. It has a budget of \$3 million from the Heritage Savings Trust Fund.

4:00

I'd like at this point, Mr. Chairman, to acknowledge Fred Bradley, the MLA for Pincher Creek-Crowsnest, in helping myself and the department get this project off the ground.

Because of his keen interest in this area, both his interest in renewable energy and the importance in economic initiative in his constituency area, Mr. Bradley has made a valuable contribution to the development of this program.

Mr. Chairman, next year promises to be even brighter. We will see construction begin for a 30-turbine demonstration wind farm on Cowley Ridge that is capable of generating 9 megawatts of electricity, which will be sold to TransAlta Utilities. This is one of many exciting and innovative projects as a result of this initiative. We can be proud that Alberta is taking a leadership role in unlocking renewable energy potential.

The Department of Energy itself, as I indicated, will see a reduction of \$7.9 million this year, due primarily to the department's reduction of grant increases of \$8.6 million. The largest share, \$3.7 million, will be a reduction in development incentives for the engineering phase of OSLO, which is nearing completion, and also reducing the coal and hydrogen technology research grants by \$2.9 million.

Mr. Chairman, with regard to AOSTRA, this jointly funded initiative between industry and the government has made a valuable contribution to unlocking oil sands technologies and over the past few years has not fully expended its budgetary amounts. These amounts have been carried forward into future years, and funding provided to AOSTRA has been reduced by 60 percent. This accumulated surplus will be utilized for its budgetary purposes, and I would emphasize that total funding for this agency is, in fact, about the same this year as it was for last by eliminating the carry-forward surplus from other years.

The Alberta Petroleum Marketing Commission's budget was decreased by 2.5 percent. The electricity and Public Utilities Board responsibilities that were transferred to me from Transportation and Utilities also will see a change in their budget estimates. Alberta has among the lowest electricity rates in North America, and we will continue to play a role to ensure that our policies and legislation continue to result in safe and reliable electricity. The estimates provide for an allocation of \$1 million for the Public Utilities Board in 1991-92. The board is now cost shared by the industry: two-thirds by industry, being the utility companies, and one-third by the government general revenue.

In conclusion, Mr. Chairman, I have in the briefest way identified some of the areas where we have achieved greater efficiency and reduced our operating cost. I believe we've done it in a sensible way, a fiscally responsible way, and we're able to continue to maintain our important services. We will continue our commitment to help taxpayers in the province of Alberta realize their wishes for a balanced budget.

I'd like to thank you for this opportunity, and I'm pleased to answer any questions.

MR. CHAIRMAN: Thank you.

The hon. Member for Calgary-Forest Lawn.

MR. PASHAK: Thank you, Mr. Chairman. I'd like to begin by turning to vote 1 in the 1991-92 Element Details book. Vote 1, of course, provides for the minister's salary - Central Support Services - and Finance and Administrative Services.

I think I would agree with a remark the minister made earlier when he complimented the management and executive management of the various agencies he's responsible for for the efficient and professional way in which they carry out their duties. I've never heard anyone in the industry, as a matter of fact, criticize the Department of Energy.

However, there are problems that have been brought to the attention of the Legislature from time to time, particularly by the Auditor General. He makes a number of comments on the performance of the department in his comments in his annual report for 1988-89 that was released this year, Mr. Chairman. Specifically, he expresses reservations about the system the department has used to monitor the accuracy of oil and gas production information which is needed to calculate and verify oil and gas royalties, mineral taxes, and related incentives. The same reservation is expressed with respect to the systems that are used to calculate such royalties. The Auditor General also expressed concern about verifying gas selling prices. Now, as I say, the department is to be commended for making improvements in these areas, and the Auditor General congratulates the department for doing that, but I think there's still some work to be done here, and I would appreciate the minister's comment with respect to that.

Also, the Auditor General draws attention to gas cost allowance, and it's his opinion that the public accounts should show the gross royalty revenue and the cost of collecting it separately. At this point it's just rolled into one figure. We don't get the gross amount, so therefore it's impossible to know exactly what the cost was of collecting it. So I'd like the minister's comment with respect to whether he's going to follow the Auditor General's remark in that regard. He has a similar point that he makes with respect to enhanced oil recovery relief. Here again he would like to see the full cost of enhanced oil recovery shown in the public accounts, and I think I would concur with the Auditor General's concern in that regard.

[Mr. Jonson in the Chair]

Finally, the Auditor General raises a point with respect to the Energy Resources Conservation Board and indicates that he hopes that it would improve its management of the projection, injection, and disposition system. I hope that the minister might comment on that as well.

Now, with respect to other concerns that the minister raised in his remarks, he spent some time talking about the estimates on the part of the Treasurer that are contained in this year's budget for expected revenue from production of nonrenewable resources in the province. I'd just like to make some comments there. Now, I don't want to get into a guessing game with the minister or the Treasurer around \$23 a barrel oil. I'm in no position to make an accurate forecast there as well. I mean, I've read the same reports and suggestions about oil pricing that the minister has, and he seems to have indicated the higher side estimates. I've also seen some estimates from respected individuals in the industry who suggest that the price of oil could very well be below \$20 a barrel. In fact, *Oilweek's* estimate is low to mid-20s a barrel. That would seem to concur with what the minister has suggested. At the moment, I believe the price of oil is trading at about 21 and a quarter in U.S. dollars.

One analyst suggested that we may not be looking at a return to high prices for some time to come. He points out that oil stocks are now considerably higher than they were before the Gulf crisis. He points out that there are at least 100 million barrels of unsold oil floating in tankers off the U.S. and European coasts. Above all, OPEC has really been weakened by the Gulf crisis; there's no discipline. Saudi production really went up astronomically, and the Iranians are doing everything they can to increase production, so we can't realistically set the price of oil; it really is a crapshoot. My advice, if I could make it, to the Treasurer and to the Minister of Energy would be to

set the price at the low end of the range rather than the high end, and if we happen to really get lucky, as I'd like to see us get, and the price of oil goes up, then I think we could use that differential to establish a debt retirement fund. I think it would be in the province's interests to use that unexpected windfall, if you want to call it that, to begin to bring our provincial debt under control.

MR. ORMAN: Barry, we've been low three years in four.

4:10

MR. PASHAK: You've been wrong for the last five years too. You've been up, down, every other which way, and I think it's really wrong to build a budget on some kind of wish fulfillment. I think you should build it on the basis of some kind of realistic calculation that you know you can experience.

Mr. Chairman, I'm similarly concerned, and I listened very carefully to what the minister had to say, about the amount of revenue we can expect from the sale of natural gas in the coming year. His estimate seems to be based on the weather: if we get a break from the weather maybe gas sales will go up. That might not be a break from the point of view of the people who are experiencing the bad weather, however. I think that again we should have a more rational calculation process with respect to the revenues we can realistically expect from the sale of natural gas. I have some concerns here, because although we may be increasing the volumes we can expect to sell over the next year, there's ample evidence that we may not be able to get the price that we'd like. Gas is selling at the moment at rock-bottom prices. Within Alberta we've got an expansion of the Nova pipeline system which seems to be putting more gas on the market, which can't help but draw the price down, at least according to one energy analyst.

Similarly, we have problems in our California market where the California Public Utilities Commission is doing everything it can to try to hammer down the prices that are netted back to Alberta producers. I know that the Minister of Energy has been on top of that, and in fact there are some suggestions in the press that perhaps the minister will be introducing some amendments to the natural gas pricing Act later during this session. I don't know if that's true, but I'd like to hear from the minister with respect to that and where we actually stand with respect to our sales of gas into the California market, whether our prices are under threat because of actions taken by the regulatory bodies, and then what is it that the minister and the government are doing about that threat.

Finally, and I don't want to comment on all aspects of the Treasurer's projections with respect to nonrenewable energy estimates, but I would like to comment on what he expects to receive from the sale of bonuses and Crown leases. Now, I asked the minister about this in the Legislature, and he said: well, we're going to have more Crown sales. That was how succinct and terse his answer was. He got up, said that, and sat down. Well, today he's added to it a little more by saying that they're going to increase the amount of land that will be sold this year. I have a concern here because the facts as I know them, Mr. Chairman – from land sales so far this year, that is – are that land sales are in a tailspin. On April 17, 1971, we had a land sale that generated only \$11.17 million. The same sale one year ago brought in \$14.44 million. So I hope this trend doesn't continue. I mean, I'd like to see us realize higher returns from the sale of bonuses and Crown leases, but I guess my question to the minister: given what's happened so far this

year, does he still stand behind the Treasurer's estimate that was contained in the budget with respect to this item?

Going back to the estimates for this year, I note that generally speaking – and I agree with the Treasurer – he has managed to pare his budget in a rather effective way and with very few layoffs, but there are some increases that are indicated in vote 1 for Financial Services and Internal Audit. I hope those increases are part of the Auditor's recommendations in which he suggested that there has to be a greater tightening up and that by putting money into these areas perhaps we can monitor the sale of our resources more effectively and thereby obtain a higher actual return.

With respect to vote 2, Mr. Chairman, I note there's a tremendous decrease in Minerals, Oil Sands and Other Royalty Operations. There's a decrease in expenditure there. I don't know whether the minister commented on that, but if he could provide an explanation for that sharp decrease I would appreciate that as well.

There is an increase in most parts of vote 2 except for royalty operations. Perhaps he can explain that. In any event, I'll get back to that in a moment. I'm back on vote 2 under Minerals Management. The minister did comment on additional funding that he's providing for a clean air strategy. I applaud the inclusion of that expenditure in the budget, but I also note that there's a virtual elimination of the funding that was provided for Small Power Research and Development. If he has this commitment to supporting renewable energy sources, why this cut, or is that being made up somewhere else in the budget?

I have some questions, too, about the OSLO project. There is a decrease in the budgeted amount for OSLO. It drops from \$7.7 million to \$4 million. I wonder about that decline at this particular point, because in some respects, as the minister has indicated, we're experiencing really a considerably sharp decline in conventional oil production. As a matter of fact, we're not only experiencing a decline in conventional oil production but there's evidence that our conventional oil reserves are in a fairly significant state of decline. The Energy Resources Conservation Board in a release dated June 13, 1990, indicated that our conventional oil reserves themselves declined by 5 percent in 1989. We can make projections about the active life of our conventional oil fields, and some experts set it in the 30- to 35-year range, so if we want to have a solid economic future for this province, we have to find other sources of raising income. I think there's no other alternative but to turn to heavy oil, especially the tar sands. I'm concerned that we'd be cutting back on our support for the OSLO project at this particular time. Now, I don't know if that's what's indicated here. There is a decrease in funding, but I think the OSLO project deserves the support of all Albertans. We're solidly behind it.

I recognize that there are some problems with environmental issues related to heavy oil or tar sands projects, but there may be ways of addressing them. If you turn to vote 4 – and this is connected back to vote 3 in some respects because this is the appropriation for the Alberta Oil Sands Technology and Research Authority, otherwise known as AOSTRA. When I looked at this I was somewhat concerned because it looked like there was a very sharp decrease in funding that was going to be provided to AOSTRA, but the minister has just explained that this funding is about the same because they're eliminating the carry-forward. I hope that doesn't create some future problems for us, because I think this research is vital in order to get these tar sands projects on stream.

Our concern as a party is more with the environmental issues with these projects, as I just indicated, particularly the whole

tailings pond question. I've received some considerable correspondence from a gentleman by the name of Mr. Kruyer, who's a petroleum engineer. I'm sure the minister has also received correspondence from him. He has developed something called an oleophilic sieve process. In terms of reading through this it seems to make a considerable degree of sense. His concern is, though, that he apparently had a good working relationship with AOSTRA at one time but then AOSTRA suspended a working relationship with him because they wanted to take over ownership of his process. Well, if this is the case, this seems to suggest to me that there is a need to review the operating guidelines of AOSTRA, because we need all of the help we can get to make sure that we can go ahead in some environmentally sound way with tar sands projects.

4:20

Maybe just a quick comment on vote 5, Petroleum Marketing and Market Research. They've experienced a decline of almost \$200,000 in their budget, and they seem to be doing a particularly efficient job with the relatively small budget of marketing all the Crown's share of Alberta crude. With that size budget, I'd say that they're to be complimented, but I wonder if the minister has ever given any consideration to also having the Alberta Petroleum Marketing Commission market the Crown's share of Alberta natural gas as well. That might be something that would be worth looking into, and I'd leave that as a question for him.

Turning to vote 7, Public Utilities Regulation, as the minister has indicated, the industry will now be picking up two-thirds of their costs. I note, though, that there's been a decline in the total budgetary allocation from \$91,337,000 down to approximately \$67,200,000. That's a significant drop. I don't understand the significance of that. Perhaps the minister could explain. I wonder if that has anything to do with the resignation of the chairman of the Public Utilities Board recently.

Just to get back to some of the basic issues that are confronting the province at the moment. With respect to oil I've indicated a concern about the declining production of conventional oil. This problem is compounded, in my view, by low prices for heavy oil and medium oils. I believe heavy oil is trading at roughly eight bucks a barrel today; medium oil is in the \$12, \$13 range. This makes upgraders look like economically good investment propositions, and I wonder if the minister has given any consideration to encouraging the establishment of a refinery in the central Alberta area that would help process, say, medium crudes and bring them up to refinery level. In my view it's essential that we do as much processing and value-added activity in this province as we possibly can. I don't like the idea of just sending raw products out of the province in a relatively unfinished state. The more processing we can do here the better it will be for all Albertans. It seems to me it makes a lot more sense to put our financial muscle behind refineries in central Alberta than, for example, malt barley plants that are going to go absolutely nowhere, Mr. Chairman.

Somewhat in the same line, and I think this is a positive situation, I note that Syncrude is going to be custom processing Amoco's bitumen. This leads to another possibility, it seems to me, for developing the tar sands. If private enterprise can't afford to build an upgrader to handle future production from the tar sands, maybe the province should begin looking at an upgrader as a utility. I think that could be done if we could get the support of other Canadian governments, particularly the federal government. Perhaps we could look at putting pressure on the federal government to put a surcharge, say, on the sale of gasoline at the pump. That surcharge could be used to

finance the operation of an upgrader. That would help the Alberta economy, and I think it would be in Canada's strategic interests. The Minister of Energy indicated that we export a good percentage of our conventional oil production in this province, but it's a fact that we import as well almost one-third of our consumption in this country, and that costs all Canadians somewhere between \$3 billion and \$4 billion a year. I think the security of supply argument is still a very valid argument, and I think that if the federal government woke up and took cognizance of that, they would realize just how important it is that we do put production from our tar sands on stream.

A major concern that is, of course, erupting in the local economy recently, and especially today with all the announcements of layoffs, has to do with the number of people that are being laid off in the oil industry generally. Petro-Canada is the most recent; some 300 jobs are being chopped by Petro-Canada. I was a little disturbed by the minister's comments in which he seemed to imply that, well, it's about time Petro-Canada got down to a reasonable size, that they were overstaffed. I'm a little concerned because a lot of those people live in my riding and his riding, live in Calgary, and they've lost their jobs. But this is only the most recent case. Shell has indicated plans to eliminate 1,000 jobs. Imperial Oil has chopped almost 3,000 jobs, a thousand of which were in Calgary.

As I understand it, the total number of people employed directly in the oil industry in Calgary has fallen from about 130,000 down to 80,000. What that indicates to me is that the major oil companies are kind of writing off the western sedimentary basin and are withdrawing, and that means we have to find some other means of encouraging production. I know there's a lot of pressure on the minister and on the government by the major oil companies to reduce their royalty take; it's almost becoming a heavy-duty chorus. Well, I personally would be against seeing any cut in royalty from existing production other than if you've basically exploited a field and you want to go back and recover it, maybe put in a secondary system of recovery. Maybe there would be some justification under those conditions to reduce royalty so that you could make that oil economically viable, but it may very well be that to encourage more development, more activity, more drilling activity, more exploration, we could look at reducing royalties for new production. Now, by new production I don't mean just step-outs from existing pools. I mean totally new. There would have to be some safeguards, but I think we should be looking at whatever measures we can take to make sure that we develop the rest of the conventional oil in this province in an economic and responsible and environmentally friendly way. We don't want to leave behind oil in the ground that would be virtually impossible to get at in the future because of its cost.

Going back to oil sands projects for a minute, I note that the federal committee that makes recommendations to Energy, Mines and Resources issued a report a few months ago. They recommended that investors be given a 15 percent federal tax credit. I'd like to hear from the minister with respect to that. Does he think that there's any likelihood of that? Does he support the proposal? What action is he taking with respect to his federal colleagues to try to bring it about? This report, by the way, also called for a regional upgrader.

With respect to natural gas, I've already commented on that in a very quick way, but we do seem to have a very ferocious gas-on-gas competition which has led to an incredible reduction in price. I've indicated already that Nova is planning an expansion of its pipeline system, which seems to be adding to this competition. I've always been concerned about this in

Canada, because it's the regulated market that's led to such a collapse in prices. It means that we're selling a commodity that's very, very precious and of which we don't have an inexhaustible supply. Our reserve life is estimated at – well, 70 trillion cubic feet, so it depends on the amount we're producing in a given year, but 15 to 16 years. Estimates in terms of what we have yet to discover range all over the place from another 30 trillion or 40 trillion cubic feet all the way up to 200 trillion cubic feet. In any event, this is a commodity that burns much more cleanly than fuel oil. We know that in the future there's going to be an incredible demand for natural gas not only to continue to heat our homes and to run industries but even as a fuel for automobiles, et cetera. So to sell it at these incredibly low prices to me is extremely wasteful. The only way out of it, it seems to me, is to go back to some kind of regulated pricing mechanism.

I know that Ontario, for example, is looking at increased supplies of Alberta natural gas for cogeneration projects. They want to wean themselves off producing energy through atomic means. They feel that it's much safer. I think we could probably extract a higher price from Ontario, and they would probably accept a border price if they knew that supplies in Alberta were going to be protected for them in the future. That would be the *quid pro quo*. But given that we don't have that situation, I guess in the final analysis I have to come out in support of what the energy industry wants, which would be to favour rolled-in tolling for the movement of gas to eastern markets, expansion into the U.S., in the absence always of a regulated price. I would have to support that, because that's the only way that I think we can get a reasonable price back for natural gas in this country.

In this regard I note that the National Energy Board has rejected TransCanada PipeLines' request to build a link that would be essential for providing gas to the Niagara Mohawk Power Corporation of New York. I wonder what the province is doing with respect to that. Have they taken a position? Are they trying to get that decision reversed? Because again, as I say, in the absence of a regulated market I think it's important that we try to expand our capacity to move gas out of the province.

4:30

Now, I have a number of other concerns that the minister has touched on in question period, but I think they require some degree of elaboration. In response to a question that was asked by the Member for Calgary-Fish Creek with respect to reversing pipeline number 9, which is the line that runs from Sarnia to Montreal, there's a real question if we should start moving – you know, it could be used to move offshore oil from Montreal into the Ontario market. What happens to our oil? Does that begin to displace western Canadian crude in the Ontario market? Also, does that mean that western Canadian producers, because of the tolls that are in effect, would wind up having to pay for part of that movement of oil that's in direct competition with our own oil?

I know that the industry is concerned about the whole question of orphan wells. These are wells that have been drilled and have been abandoned. I think there's one well in northern Alberta that's still spewing great quantities of contaminants into, I believe, the Peace River. I'd like to know what the progress of those negotiations is with the industry.

There's a report that came out of deliberations as a result of all the oil field accidents that occurred a few years ago. The industry has been working on occupational health and safety issues; there's been a joint committee set up from the drilling

association, IPAC, and CPA to look at these issues. We raised some questions earlier today in the Public Accounts when the minister of Occupational Health and Safety was before us. He commented on that. I would like to hear what this minister has to say with respect to that.

Last year during the estimates debate I raised a number of issues with the minister having to do with surface rights. I recognize that these are not directly his issues, that these are really issues that come under the purview of the Minister of Forestry, Lands and Wildlife and, to a certain extent, under the Minister of Municipal Affairs. Among his other responsibilities I would suspect that the minister has a particular responsibility to represent the energy industry in caucus when they're looking at issues like this, and I wondered to what extent the Minister of Energy has championed or brought to the attention of his fellow ministers a report called *Integrated Resource Management* in the Forest Management Areas of Alberta.

[Mr. Schumacher in the Chair]

This is a report and recommendations prepared by the Independent Petroleum Association of Canada, the Canadian Petroleum Association, the Canadian Association of Geophysical Contractors, and the Canadian Association of Petroleum Landmen. Among other things, they believe that there's a lot of tension and operational difficulties between the petroleum industry and FMA holders. They have some very strong recommendations about how those issues should be dealt with. I would hope that the minister is at least bringing those issues to the attention of his cabinet colleagues.

I think those are some of the broader issues that I'm concerned about, Mr. Chairman, and with that I'll await the minister's response.

MR. CHAIRMAN: The hon. Member for Calgary-Buffalo.

MR. CHUMIR: Thank you, Mr. Chairman. I propose to make a number of comments and ask some questions with respect to these estimates, and I assume the minister will extend the usual courtesy of written replies to those questions that he's not able to respond to today.

I'd like to start by congratulating him on a number of his initiatives over the past year, in particular two of them: one, the change in the royalty regime to deal with the horizontal drilling situation, and secondly, his flexibility in effecting changes to the Alberta royalty tax credit program, which was badly out of kilter in respect of natural gas producers when the price of oil spiked up so high last year. Those were good and prompt initiatives on the part of the minister, and I know that the industry is pleased with them.

On a rather balancing note with respect to his opening comments – and there will be many more balancing notes – I must say that the minister sounded somewhat like a berserk comedian when he was talking about how the Provincial Treasurer had managed to balance the budget this year. Anybody who's paying any attention at all is aware that any announcement of a balanced budget was based on overly rosy projections and a bag of accounting tricks. In fact, there will be no budget estimate unless a miracle takes place. We're going to find out why over the past five years the budget deficits were underestimated by a cumulative total of \$2.7 billion. It's easy to say that we're going to have a balanced budget, but when you get right down into the heart and core of matters, we're far from

it. In fact, we're being managed along the same lines as Ontario appears to be managed these days.

Mr. Chairman, the era of deregulation has brought many problems to the Alberta energy industry, and we're finding that the free market is not so free. In fact, it's delightful to hear the Minister of Energy tossing around new terms, such as "monopsony," with respect to the California gas market. We're now faced with declining conventional oil production. We've got low prices with respect to heavy and medium grade oil. We've got high costs of developing and operating new tar sands plants, which are impeding developments such as OSLO. We have declining natural gas prices rather than the increases which had been anticipated, as the so-called gas bubble in the United States is turning into the world's longest regenerating sausage. This has resulted in declining provincial revenues and declining employment in the oil and gas industry, down from an estimated 130,000 jobs five, six years ago to approximately 80,000 at the present time. We have to be seriously concerned now about the long-term health of what has been Alberta's number one industry for some period of time.

It's a time that calls for realism, and it's in that context that I question the realism of the price projection in this year's budget of \$23 for oil. Yes, I know that there are some prognosticators who are predicting \$23. In fact, the minister read out some of them, but he also read out others who said \$22.50, \$21.50. I'm asking, when a so-called Conservative government is proposing a budget, how is it that you pick the highest estimate rather than the more conservative one? It seems to me to make no sense, Mr. Chairman.

MR. HORSMAN: Why don't you pick the most liberal one then?

MR. CHUMIR: Twenty-one fifty.

We also have some questions, Mr. Chairman, about a \$200 million increase projected with respect to natural gas and by-product royalties. That projection is a surprise to industry specialists to whom we have spoken. The minister has talked about increased sales relating to a presale program in relation to the Iroquois contract, and I'm wondering whether the minister perhaps might be more specific in outlining how he sees these increased volumes developing. Another great hope of his has been perhaps dashed in just the last few days, and that is the hope that the price would spike up with respect to a colder winter. Regardless of what actually happens in the winter, it looks like the projections as a result of the supply situation in the United States are for lower prices, because it's just in the last few days that contracts for next winter on the New York Mercantile Exchange have declined. That is indeed bad news. I don't say that in any sense of celebration but again just as to why we have to be somewhat more conservative in our estimates. It certainly doesn't do the province any good in relation to those who are setting its credit ratings to be making these glowing statements with respect to what revenue we're going to get based on rosy estimates and then finding that they're not realistic.

4:40

In terms of natural gas, Mr. Chairman, there are deep concerns within the industry with respect to the continuing decline in prices. I must say, over the last two weeks or a month I have sensed a pall of gloom setting in over the industry as the reality of the difficulties of the situation seem to be setting in more and more. The average price of natural gas has declined from \$2.65 per mcf in 1985 to \$1.55 in 1990. Last year when

Western Gas Marketing renegotiated the contract with Consumers' Gas in Ontario, we saw the price decline about 20 cents per mcf in that contract alone, to \$2.02 per mcf, I believe. Now we find concern being felt within the industry about the spot price in Alberta spiking down as low as 70 cents to 80 cents.

The problems are, of course, that these prices in Alberta serve as fuel for reduced prices in negotiations with Ontario and, most ominously, in the future with respect to California, where we have seen extensive efforts being undertaken by the California regulatory agencies to move the locus of pricing out of California and back into Alberta. One of the concerns that we have, Mr. Chairman, is that if prices continue falling, we may end up exporting the heritage of this province, the extensive reserves, at fire-sale prices and have to keep them flowing out at those prices, because we're in the process of building a very extensive pipeline infrastructure which is going to have to be kept full or else the costs of that pipeline are going to eat alive whatever reduced volumes go through it.

So I'm wondering what the minister might advise the House as to what initiatives he is taking, what concerns he has with respect to the California market. We've already spoken about it independently, but that was about a week or so ago, and I know matters are changing. I'd appreciate hearing on the record what his plans are with respect to that matter and what his department sees with respect to the supposed bubble in the United States and the direction of future prices, realistically.

Those who are following the energy industry are aware that an analyst, Mr. Paul Ziff, recently raised a question with respect to the impact on gas pricing of overcapacity and expansion of Nova. This has led to the suggestion that there is a need for full regulation of Nova, it being one of the only two natural gas pipelines in North America which are not fully regulated. There is some difference of opinion within the industry. It's not an easy issue. A somewhat easier issue in that regard is that of the difficulty and the total inability of the industry to get specific cost information with respect to the pipelines for which the producers paid \$800 million in tolls and, I understand, expect to pay up to \$1.2 billion in 1995. This is, of course, a huge expense, and I don't think anybody would suggest that the producers who are paying it should not have complete access to that data. That is one thing that normally comes from full regulation. It seems to me that there are other ways in which that information could and should be made available with the proper will. I'm wondering whether the minister might comment as to his views on that issue and whether he does have a plan or a proposal there and will undertake to attempt to ensure that that complete and accurate information is made available.

In terms of the global issue relating to Nova and indeed natural gas issues generally, there's been no public hearing in respect of those types of issues since 1987. It seems to me that it is important to have some form of public input to hear the pros and cons with respect to these difficult issues. The minister said that he and his department were looking at that as of about a week ago, and I'm wondering whether he might comment as to his position and where he's going in that regard.

A related issue that I would like to raise is with respect to the alternative markets for gas, particularly that of natural gas conversion of motor vehicles. I know the minister has indicated that he is driving a vehicle which is natural gas driven, and I guess a question that many Albertans who are watching the government are asking is: why is it that the government does not have its whole fleet powered by natural gas driven motors? I wonder if the minister would comment about his plans in that

regard, whether that's something the government is reviewing seriously, and when we can expect some decision in that regard.

Now, moving back to the issue of the budget revenue projections, it is projected that synthetic oil royalty income will increase from \$44 million last year to \$158 million this year. I'm wondering whether the minister might specify for this House what the \$44 million was made up of last year, what specific sources, and a breakdown of what the \$158 million is projected to consist of. Now, I've read reports that the minister has indicated that if the price averages \$22 U.S. per barrel this next year, then the Syncrude royalty will be \$30 million as opposed to \$90 million if it's \$23 per barrel. I'm wondering what the projection would be, for example, if it's down at \$21 per barrel. It looks like we're getting extremely price sensitive, if those reported numbers are accurate, and that we're moving down very close to the costing level at that income level.

Now, I wonder also whether the minister would be in a position to give the House a report with respect to progress on the projected Syncrude sale. Efforts were made last year; we've heard nothing on that since.

Similarly, there's some question with respect to the fate of the government's \$80 million loan to the Syncrude project. We've heard some comments by the minister in the House as a result of some questions, but the information is still incomplete. We have \$20 million of that loan written off. Apparently, the loan is repayable only in the event the project proceeds, but there are questions that arise. Is there an open-ended period of time? Is there no time limit on that? If the project proceeds in 10 years or 15 years, is this amount recoverable? What are the parameters of the loan circumstances upon which the money may be recovered?

I'd appreciate also if we could get from the minister an update as to the government's position with respect to the OSLO project. We've spoken on that for some period of time and have indicated that while we would dearly love to see OSLO go ahead and realize that it's important to this province that our tar sands be developed, nevertheless we tend to be somewhat hardheaded and realistic economically and are not particularly inclined to see the government pushing huge sums of public money into projects that the private sector is reluctant to get into. We think there has to be some leadership from the private sector. That was the case with the Syncrude project in the 1970s. The government didn't lead; it facilitated a project that industry wanted to get going. We hope that prices round out and that the project is able to proceed. Perhaps costs can be reduced, and that's why we're very supportive of the research that's going on, but we have great, grave doubts about the wisdom of putting in huge chunks of taxpayers' money. We've just seen too much of that money blown down the drain, and bankrupt projects don't create jobs.

4:50

Finally, on the Syncrude project, the oil sands tenure issue was raised by the minister about a year ago. He was looking at restructuring the tenure of oil sands leases, and I'd appreciate it if we might have an update on that.

Now, as I mentioned earlier and as is quite clear, the oil industry is having a hard time. Insult was added to the financial squeeze upon the industry last year when the industry found that oil and gas lease rentals in respect of leases from the province had increased to \$3.50 a hectare in such a way that the \$30 million cumulatively of that expense across the province, being \$1 per hectare for 30 million hectares, was not deductible for federal taxation purposes. It was not deductible either directly

as an expense nor as part of the cost of property. I know there has been some initiative with respect to that on behalf of the provincial government with the federal government, but it's been a failed initiative. The government said no.

We're now in a position where we have a new Minister of Finance. He's a proud Albertan. The federal government is crowing about this. Surely that has to have some meaning, Mr. Chairman, in a situation such as this, where I believe we're dealing with the only industry in Canada that I'm aware of that has expenses, valid business expenses, which it's not able to deduct because the industry is stuck in a 15- to 20-year-old fiscal battle between the federal and provincial governments. I would like to urge the minister to do something about that, to take it on, to become a pit bull, because it's wrong, it should be changed, and justice requires that it be changed. I've for a long time felt that when common sense and justice are on the side of an issue, it can be accomplished, and the only thing standing between accomplishment and nonaccomplishment is that of leadership and some zeal. So get after Mr. Mazankowski, Mr. Minister, and you'll be doing the industry a favour. After that exhortation perhaps we might get a report from the minister on that, and hopefully it will say that he's doing exactly that.

Free trade is a matter of concern again with respect to the United States, Mr. Chairman. One of the defects of the free trade agreement was that, well, it was supposed to give our producers access to the United States. The fact is that the only constraint upon access was that of United States regulatory agencies, and there was no remedy with respect to their activities in the free trade agreement. If FERC or other regulatory agencies caused us unreasonable problems, our only remedy was to consult. Now we hear that there's a Bill that's been proposed in the United States Congress to transfer greater jurisdiction from the Department of Energy, a federal U.S. government agency that would be subject to the remedies under the free trade agreement. The move is to transfer jurisdiction from the Department of Energy over to FERC, which is free of those constraints. I'm wondering what the government is doing to respond to that potential problem.

I'm concerned also, Mr. Chairman, about the forest management agreement issue. The Department of Energy in the past failed to look after the interests of the energy industry when forest management agreements were given out. They were dealt with as if forestry areas were areas involving forest resources alone, and the forestry companies were given control of these areas. As a result of concerns which were raised a year or so ago, the matter is being reviewed, but there's still some unhappiness within the oil and gas industry with respect to the methodology of payment of compensation by our oil companies, as to whether or not it's to be paid to the government in trust or whether it's to be paid directly to the forestry companies, thereby acceding to the philosophy that that is an area that is primarily a forestry area with a secondary tenancy by oil companies, instead of it being a multiple use area. I'm wondering whether the minister might comment on that and also indicate what the philosophy of the government is with respect to future forest management agreements. Are we going to have the same problems with respect to other agreements that are up for grabs, or are we going to find a more balanced multi-use concept?

In terms of the environment, Mr. Chairman, it's important that we take steps . . .

MR. JOHNSTON: Hey, Shel, are you still talking?

MR. CHUMIR: Go back to sleep.

MR. JOHNSTON: That's what you do to me, Shel.

MR. CHUMIR: You should try falling asleep in the middle of your own sentence.

MR. TAYLOR: Get to the point. Get to the point.

MR. CHUMIR: Listen to Mr. Windbag. The classic Legislature windbag, maybe in the history of this institution, is talking.

It's important, Mr. Chairman, that we take steps to play our part in reducing pollution. The concern that Albertans have is that our industry will be asked to bear the cost for all users of energy, across Canada and across the United States, that emanates from Alberta, and that we will also be in a position where we're forced to take costly steps which have no meaningful impact on the larger problems, while at the same time other leaders throughout the world, perhaps throughout Canada and North America, continue to cause substantial harm.

Our challenge as managers, the leadership that's required from the provincial government, is to ensure that those types of things don't happen, at the same time recognizing that we do have to provide some leadership and get down to doing some things. If everybody sits back and says we're not going to take initiatives and steps because it alone won't have any impact unless others do it, then nobody is going to be taking those first steps. That's a very difficult situation for this government. It's going to take some common sense and some wisdom, but we can't have an Alphonse/Gaston routine calling the tune totally. Some initiatives have been set up with respect to clean air in Alberta, but I'm wondering whether we could have some clear indication from the minister of what direction is being proposed in terms of resolving that conundrum. That is a conundrum that on one level is calculated or could very easily result in just a total lack of action altogether, a paralysis with respect to the issue, and that would be wrong for this province and for our planet.

5:00

I might say in terms of the environmental issue as a whole that there's been some suggestion by the Minister of the Environment and other representatives of the government that they want the federal government out of this area altogether. Well, let me make it clear that we see a very clear and strong role for a national government in environmental legislation. It's important that we do have a very strong position from that level of government which is most able to take the larger perspective and to withstand the immediate pressures for economic development that are much more difficult for local and provincial governments to withstand than they are for federal governments. We want to see a strong federal hand, because the whole country is implicated in whatever environmental decisions we take. We don't, of course, want to see overlapping jurisdiction and differing rules applying, two or three competing bodies holding hearings. We have to make sure that the system protects our environment but is also streamlined and efficient so that there are not unnecessary delays in dealing with these problems and in making a decision.

In terms of royalties overall, there's been some concern expressed by the industry with respect to the level of royalties. We're already reviewing the process of simplifying the royalties, and that's an initiative I support. But I wonder whether the minister might give an overview with respect to the government's

position re the magnitude of royalties. I know it's a great difficulty in this time of budget deficits. Is there any creative solution to dealing with that problem?

I'd like to hear from the minister with respect to Smoky River Coal. What's happening? We have \$4.3 million of preferred shares and a \$19 million loan guarantee. How is that company doing? They are developing a conveyor belt process that we've contributed some money to. What's happening?

The Public Utilities Board. The head of the board has recently left, quite suddenly. I wonder whether the minister might tell us what's happened there, why, and the direction of the board.

Oil sands research we're supportive of, as we've indicated before, Mr. Chairman.

Finally, utility income tax rebates. We are concerned, Mr. Chairman, that in 1990 the province stopped rebating its provincial share of income tax on private electrical utilities. This was intended to put private utilities on an equal footing with public utilities. Indeed, for years these were rebated by the federal and the provincial governments up to, I believe, a total level of 95 percent. Two years ago the federal government decided to freeze its rebate for several years, and this impacted Alberta utilities and Alberta consumers significantly, since we got 50 percent of that rebate. Now we find the provincial government here eliminating the rebate altogether, thereby signaling to the federal government that there need not be a rebate, that these companies can well afford to pay income tax competitively even though publicly-owned utilities aren't. Well, we've got industries such as the Magnesium Company that has just gone down because it couldn't make a go. The cost of electricity is of fundamental importance to our industry. Here we have the Quebec government making special deals with their industry with respect to the cost of producing magnesium, and we've got a provincial government with its policies that are increasing that cost. That's just foolish.

MR. CHAIRMAN: Order please.

The hon. Member for Wainwright.

MR. FISCHER: Thank you very much, Mr. Chairman. I've waited all afternoon to get on. It's a pleasure for me to get up and speak on the Energy estimates. I would like to congratulate our minister on his fine work and his department's fine work in their share, their 28 percent reduction in their budget. Certainly balancing our budget is very important to us here in Alberta. It's nice that we can all take our share from each department and get back where we are working so hard to get to. It's also been a pleasure for me to work with our minister in the operation of Syncrude. It's obvious that the minister has been in the energy business for a few years of his life. He's certainly highly respected in that sector. I have enjoyed my involvement with Syncrude as a director representing Alberta Oil Sands Equity, and I do appreciate the details of his estimates here.

I would like to ask him: in vote 6 there is a 3.7 percent increase regarding Alberta Oil Sands Equity Management. I realize that the upcoming proposed expansion of Syncrude and also the proposed OSLO expansion puts a tremendous amount of work onto the engineers that are going over the many studies that have to be gone over before we jump headlong into spending a lot more money again in the future. I look at that 3.7 percent and I wonder whether or not that is enough, because certainly it is a big responsibility that these people that are doing all the planning now have got, and we do have to know exactly what we're doing in the planning stages.

It's a shame that our estimates do not fully communicate the story behind some of the tremendous figures that you presented here today with Syncrude. I know that that project up there has been a real, real success story, and I realize that you put those figures out where we have over a billion dollars now come back in royalties. We've spent about \$500 million through our Oil Sands Equity and our heritage trust fund, and we have received pretty well the same amount of dollars back again. In doing so, we have created those 6,000 jobs annually, and I can't overemphasize that when we put in roughly a billion-dollar budget each year, this money is injected directly into the economy of Alberta. It's not only the billion dollars that goes in, but there's a huge secondary business that is a spin-off from that, and it's vital now to the economy of our province.

I would say that when we are thinking about our expansions and the production of synthetic oil, we must do everything possible to get a long-term plan in place that we can follow so that our oil comes on stream as our conventional oil depletes. We are depleting by 2 percent a year. That means that in 25 years the major source of our supply is going to be from synthetic oil, and we have to be ready. I shudder every once in a while, and I suppose it's when the feds balance their budget or when they bring their budget out and they say they're not going to participate in OSLO, and then our project gets delayed or derailed for a little while. It's difficult to put your oil on stream and have your plan in place if we keep delaying it or derailing it.

5:10

Also, I would like you to clarify the new oil revenues. You did talk about them at the beginning of your remarks a little bit, about the new revenues that were coming in place, and some of them were delayed for a while until the companies got their expenses back. I would like you to comment a little bit further on that.

One other item I had was the Electric Energy Marketing Agency. During the last fiscal year I've had the pleasure of meeting quite a number of the representatives from TransAlta, Alberta Power, and Edmonton Power. Certainly there's a bit of dissatisfaction with the way that EEMA is operating. From some of these meetings I would like to ask you if you are planning some changes with EEMA or changes with the regulations of the PUB. Regarding the fairness with the pooling and transmission of power, an awful lot of the companies feel that the formula for their cost of production and their rate base is not addressed fairly. I know that when we look at that formula, it's almost a dog's breakfast because there are a thousand things that seem to be entered. There are dates when you built and interest rates that are up and down and dates that change the rate base and so on. I would like you to comment on that. There's been a fair bit of confusion in that industry, and it would be nice if we could hear your comments on that.

I also have one other little thing here, and it's regarding the licensing of our wells with the ERCB. In our area – and I don't know if it's a problem that's provincewide or not – we have given incentives for diagonal drilling and a lot of pad drilling. With the diagonal drilling, it is felt that because we've had a number of water wells contaminated with H₂S – there's been a lot of high gas pressure in drilling these wells. Sometimes when they're sealing them off, it's felt that they haven't been sealed off properly and it's gotten into the water stream. They have some fairly reasonable proof, you might say, that they have contaminated some wells. I'm just wondering, with this new technology that has been around for a little while, if we maybe

have to change some rules and regulations there to accommodate that. We certainly do have to protect our water system here.

With that I think I will sit down. Thank you.

MR. ORMAN: Mr. Chairman, I have received a number of questions and suggestions and advice from hon. members, and I'd like to try to respond to some of them before we get too far into the estimates.

Mr. Chairman, I did appreciate the comments made by the Member for Calgary-Forest Lawn. I must say that he is often well prepared in dealing with energy issues. I might also say that he certainly comes from a different end of the spectrum than I do in terms of how government should relate to the industry, but having said that, I do have respect for the member's capability.

There was some discussion about the Auditor General's report. We have over the last couple of years been working very carefully and closely with the Auditor General to try and improve the manner in which we report and increase the effectiveness of the system, and I should say that this is the most positive Auditor General's report we've had in the last 10 years. I might say, though, that we are still working with him. It's a very difficult area to deal with, whether to increase the number of employees we have to try and maximize the royalty that is due to us. At the same time, there's a breakover point where the cost of doing that isn't really worth the cost of administration in terms of collecting those particular royalties.

The Member for Calgary-Forest Lawn also mentioned gas cost allowance in this context of royalty simplification. We are working with the industry associations right now to find ways in which we can uncomplicate the royalty formula, particularly for natural gas. Mr. Chairman, it is complicated. That doesn't mean to say it's the wrong formula or that any other manner of calculation is available to us. It may be that the complicated nature of it is the only way that we can continue to work and collect the royalties, but we're looking at it.

Mr. Chairman, the Member for Calgary-Forest Lawn also mentioned oil price and the difficulty. I recognize and appreciate his comment. I should say that I neglected for some reason to mention two other forecasts for prices that were higher than the province's. One was the World Bank, which has forecast a \$23.80 U.S. price for 1991, and the investment firm of Kleinwort-Benson in London has predicted a \$24 price. It may look to the members for Calgary-Buffalo and Calgary-Forest Lawn that we are at the high end of the spectrum, but in fact we are not.

There are some problems that can arise by predicting a low price and having higher revenues, and that came to the fore during the middle of the conflict in the Persian Gulf. Immediately, people in other provinces of this country see it as a windfall, the difference between what price we picked and what the revenue is, and there are some very avaricious eyes, as you well know, Mr. Chairman, in other parts of this country to "windfall profits." I do with trepidation look at forecasting a lower price, hoping that the surplus revenues are substantially higher than that, and that is certainly one of the reasons. As was indicated by the Member for Calgary-Fish Creek in questions in the Legislature, in four out of the last five years we have been lower than what our forecast was, and hopefully it will be the case again, Mr. Chairman, but I can't really say whether it will or it won't, nor can any member in this Assembly at this particular time.

The question of the Natural Gas Marketing Act came up, Mr. Chairman, by both members, both critics. Let me simply say

that any amendment that we may or may not propose to the Natural Gas Marketing Act will have nothing to do with price. It will simply deal with a bridging period to new pipeline capacity, the difficult period we're in right now. Of course, it's conjecture at this point, so I won't belabour whether or not we do bring in legislation of that nature.

5:20

Mr. Chairman, the Member for Calgary-Forest Lawn also brought up a point about the alternative energy area, and I did mention in my opening comments the details of the funding for that. I'll simply restate it: the \$3 million for renewable energy is coming from the Heritage Savings Trust Fund, and I really appreciate the support of that committee in receiving those dollars.

Mr. Chairman, the Member for Calgary-Forest Lawn also asked about the decline in the OSLO budget. Well, the \$4 million in that budget this year simply completes the total amount of a commitment that we made for the preliminary studies of the OSLO project. Although it looks like a reduction, it is simply the closing of an account.

A question was asked about the Petroleum Marketing Commission. The primary purpose of the commission is to market Alberta's share of crude oil. It does provide advice to me on crude oil markets and natural gas regulatory processes in North America. There's one price for oil and there is a multitude of prices for natural gas, and I just don't think it's reasonable that that agency market our natural gas. I think the industry's doing the best job it can under the circumstances.

The Public Utilities Board certainly is participating in a greater efficiency. I do believe that the member was possibly looking at a summary of the department rather than at the line that related to the Public Utilities Board. I explained their budget in my preliminary remarks, Mr. Chairman, and I believe that he can refer back to them if he has any further questions.

A regional upgrader is a good point, and we are looking at the concept of regional upgraders. It is worthy of serious consideration. The Alberta Chamber of Resources has made some suggestions as to how we could support regional upgraders, and we are having a very serious look at that.

On the employment side in the industry, Mr. Chairman, yes, there is some concern about the layoffs in the industry. Contrary to the Member for Calgary-Buffalo and his comments in the media, I have a great deal of confidence in the resourcefulness of employees in the energy industry that are laid off through attrition or through mergers or acquisitions. Historically they have been able to find alternate employment or consult back. I should say for the member's own memory bank that his knee-jerk response that these people can't find jobs, they're not capable of finding jobs, and therefore how could I possibly be optimistic about their future – I should point out to the member that for the first quarter of 1991 compared to the first quarter of 1990, employment in the petroleum and gas sector is up 5.2 percent. Now, that tells me that people are resourceful. They are finding employment, and it's too bad the Member for Calgary-Buffalo knee-jerked and painted all sorts of scenarios of doom and gloom about these people in Calgary. I have more faith in them, and I know that you do, Mr. Chairman.

Mr. Chairman, an OSLO update: simply to say that the members know that as I've indicated in this Legislature, we've made representations to the now Minister of Finance and the Minister of Energy, Mines and Resources. We will continue to press them, as will the OSLO partners, and I cannot say

anything other than it is not a wise decision, in my view, and I did reflect on that in my opening comments.

The Member for Calgary-Forest Lawn also made a point about line 9, the Sarnia to Montreal pipeline. My response is on record to the Member for Calgary-Fish Creek in question period the other day, where we did reflect on the necessity for full evidentiary hearings to deal with all the issues around closing or reversing line 9.

Mr. Chairman, there was a question about the WGML/Niagara Mohawk submission before the NEB. The reasons for their decision have not been released, so I can't answer directly the member's question, but I can say that it's believed it was turned down for environmental reasons. I understand that the reasons will be released sometime in May.

Mr. Chairman, I have not really begun to answer all of the questions that were presented to me by hon. members. As requested by the Member for Calgary-Buffalo, I undertook to do that, to respond either here or in due course, in the fullness of time, and I undertake to do that in view of the hour.

MR. HORSMAN: Mr. Chairman, I move that the committee rise, report progress, and request leave to sit again.

[Motion carried]

[Mr. Speaker in the Chair]

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

MR. SPEAKER: Having heard the motion, do you agree?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried.

[At 5:27 p.m. the Assembly adjourned to Thursday at 2:30 p.m.]

