

**Standing Committee on The Alberta Heritage Savings Trust Fund Act**

**Monday, September 21, 1981**

*Chairman: Dr. Reid*

*3:30 p.m.*

MR CHAIRMAN: Good afternoon gentlemen. We'll try to get this committee on the road. Since we're starting a little late because of the minister's other involvements this afternoon, I think we'll get started as soon as we can.

I'd like the minister to introduce the members of his department. If he wishes to make any preliminary statements or has anything else to say, I'd ask him to do it at this time. Then we can proceed with the questions and answers.

Thank you.

MR PLANCHE: Thank you, Mr. Chairman. I would like to introduce to the committee Herman Young, who is from my department here to ably assist me, and to thank you for your indulgence in delaying the meeting today for a period of time so that I could finish up my business in Calgary at noon.

I really don't have any opening remarks. I'd be happy to discuss whatever comes along.

MR CHAIRMAN: Thank you, Mr. Minister. The Member for Spirit River-Fairview, followed by the Member for Edmonton Mill Woods.

MR NOTLEY: Mr. Chairman, Mr. Planche: I want to pick up some of the issues we discussed last year, in particular the proposal made as part of the Premier's package of offers on July 25, 1980, to the Prime Minister with respect to transportation improvements, and \$2 billion that would deal with everything from upgrading Churchill, to double tracking along the Fraser, to certain improvements in bringing trains into the port of Vancouver. I'd like to know to what extent the government is prepared to follow through on part of that package, if not all of it, or to what extent they are prepared to invest either money from the Heritage Savings Trust Fund or moneys from the government of Alberta in that proposal.

I say that because it's not customary for me to necessarily applaud things the government does, but I thought that that package of proposals was a rather constructive one, knowing that the only other alternative would be either the federal government moving -- and that seems unlikely when one looks at what they're doing with the rail transportation now in terms of passenger transportation -- or user fees which, particularly with respect to agriculture, can only mean substantially higher rates.

I guess my first question would be to ask the minister to bring us up to date on where that matter stands at the moment, and perhaps outline what part of it, if not all, the government would consider.

MR PLANCHE: Mr. Chairman, I think the best way to answer that is to just repeat what the Premier and the Treasurer have said publicly on the issue of that particular \$2 billion. That was part of a package, and when it was summarily rejected on July 25, all parts of the package went with it. There

is no question that there is a need for an enormous financial investment in the freight system west. Unfortunately, those who are responsible for investing the money don't seem to want to part with any of the authority for the decision-making.

I guess the way we would approach this in the longer term is on the basis of trying to get compensatory rates for products and trying to reduce cross-subsidization of products so that the whole transportation system can respond to demand in a businesslike fashion rather than having political decisions drop piecemeal quantities of dollars into this and that. In a financial sense, the federal government's fortunes have changed considerably since that time. Perhaps they'll be prepared now to pick up their responsibilities, not only in the western transportation system but also as it pertains to Churchill, the Welland Canal, the St. Lawrence Seaway downstream from Lake Ontario, and the Mackenzie River.

MR NOTLEY: Mr. Planche, are you telling us then that at this stage -- I believe there were six or seven different proposals contained in that offer of July -- it would be the position of the government that it would either be totally up to the federal government or the railroads to make the investments or, in the case of the port of Churchill, other organizations, and that it would be recovered from the users? In other words, it's a choice now of either the federal government taking the lead and investing federal funds or the user having to bear the cost through substantially increased rates.

MR PLANCHE: Not necessarily. In its initial stages it would come from the user. The statutory rate system is, after all, a federal law. If it were to be changed so that compensatory rates were given to agricultural products travelling, the issue of who would pick up the gap between statutory and compensatory really needs to be addressed by the federal government because it is their law. The Crow benefit may very well stay with the agricultural community, Mr. Chairman, but certainly the shortfall needs to be addressed and responded to by the federal government. If, subsequent to that, there is some kind of discussion around the table that requires some participation by the provincial government in increases from a compensatory rate, I'm sure this government would be amenable to it. But there is always the balance in freight rates; that is, responsibility and authority. I would doubt very much if my colleagues would look kindly on picking up part of the responsibility without sharing any authority.

MR NOTLEY: Mr. Chairman, Mr. Minister: what recent consideration, if any, has been given to the suggestion Mr. Peacock made to the western economic conference in 1973, and recently made again by the Canada West Foundation, of public ownership of the railbeds, using part of the heritage trust fund as a possible purchase?

MR PLANCHE: When the question is asked, what consideration, there is ongoing consideration to a variety of things. My judgment is that that's an exciting possibility to follow. But remembering that we have others in the western provinces who have very serious ramifications revolving around what decisions are being made, it isn't always acceptable to everyone that that format is taken. There's good reason to believe, though, that a variation of that may result in the possibility of the branch line subsidies being removed from the federal government's responsibility and applied to the difference between

compensatory and statutory rates as a trade-off, so that a variation of the thing is possible.

While I'm sorry to report one more time that this year, the years past, hasn't a concrete concept for you to consider yet, considerable progress has been made. I think there's a general recognition that contemporary rates are going to have to prevail, that the Crow benefit is going to have stay with the grower, and that there's going to have to be a lot of input from both levels of government and the grower as to how they're going to participate in increased costing from that stage forward. But I tend to be appreciative of the WEOC determination that ownership of the railbeds may be a useful way to go, and a modification of that may very well surface.

MR NOTLEY: Mr. Chairman, just one final question on railroads. Over a period of years now, our committee has recommended study on northwestern transportation links. One was conducted; I have some quarrel with the sort of rationale used in the study. I guess I would put the question to the minister: has the government closed the door on that? Or are we looking at the kind of interprovincial co-operation which, it seems to me, something like this would involve, using the BCR? I would say we're going to have to be looking at interprovincial co-operation if the energy potential of the Peace River is going to be harnessed. Why not the same kind of interprovincial co-operation on the rail network? Sixty years ago, when the railroad started going northwest, it was a financial and feasible proposition that it should go all the way. The Depression stopped it. Are we not in a position now to look at the completion of what was a dream but could become a reality in the next few years?

MR PLANCHE: No, we haven't quit looking at it at all, Mr. Chairman. We consider it a very high priority issue. The problem is moving on it and trying to rationalize economics at half a cent a ton/mile. If compensatory rates prevail, you have a very different system in the ability to service debt for any kind of transportation infrastructure.

As the member knows, we looked at the possibility of putting a rail on top of the Dunvegan dam. That is very much alive as a probability, subject to a suitable site for the Dunvegan dam because of the unstable Peace River banks. But I agree with him completely. Just in terms of turnaround time to the new Rupert facility, it's crucial to have a more expeditious route from the Peace River to tidewater, particularly for grain. We're not going to give up on the development of that as a reality. It's a function of logistics in terms of income when you start talking about half a cent a ton/mile. If the postage rates go to 30 cents, the old axiom of one bushel of grain going to Vancouver cheaper than a letter will become two. So time marches on in everything but grain rates. In order to make any transportation system responsive to demand, we just simply have to have a rationalization of rates.

The short answer is no. We sure haven't quit looking at it.

MR PAHL: Mr. Chairman, I have basically three questions to the minister. First, with respect to the new rail hopper cars purchase, I note in the annual report that 800 of the 1,000 cars were received, at a cost of \$42.6 million. It sticks in my mind that the estimated final cost of the 1,000 hopper cars was \$50 million. Going by that number, does that suggest that the final price will be something greater than \$50 million for the 1,000 cars?

MR PLANCHE: They finally came in at \$53.6 million, which is a cost overrun of \$3.6 million. At the time of the estimates for the budget, we didn't have firm suppliers' bids in. We took experience costs for those kinds of gondolas. So there were those cost increases over time that were for our account.

MR PAHL: Thank you.

The second question, Mr. Chairman: when the Premier was before the committee he responded to a question of mine with respect to venture capital initiatives that indeed, yes, it's possible that some venture capital vehicle would be put in place subject to a suitable formula for the government and the Legislature. Perhaps you may want to comment on how close that is, or whether Heritage Savings Trust Fund dollars will be applied to that. But there's another broader, perhaps more philosophical question with respect to diversifying and strengthening the economy by building on our strengths.

As background, Mr. Chairman, other governments in other jurisdictions for some time have been willing to provide capital grants to the so-called footloose industries, such as pharmaceuticals or research and development, where their location is not critical in terms of their market, but certainly the available capital required for land, buildings, and processed stuff is.

Is the minister or his department recommending or anticipating any recommendations for investment by the investment committee of Heritage Savings Trust Fund dollars into attracting industry through the use of the capital we do have at our disposal, to help strengthen and diversify the economy?

MR PLANCHE: Well, there are a lot of questions there, Mr. Chairman. Perhaps I'd start by saying we are not going to take the tack that we're going to use money to attract industry, simply because it has to have a natural advantage for being here. I've said that many times, and that's not likely to change. However, we are continuously assessing the attraction programs of other provinces, to be sure that we aren't totally out of touch with reality in terms of being competitive.

There are a couple of things, though, that I'm perhaps going to take to my colleagues for their consideration that may involve the heritage fund. I think we have more or less made the decision that because we're fully employed and fortunate enough to have a time period, it's better to grow an indigenous high technology R and D industry than to buy one. We looked at Silicon Valley, and we've looked at several others. In the U.S. experience, I think high technology has been built largely around the defence industry, and we don't have that advantage. That's an application of federal funds to create a critical mass around which high technology can grow. If you pursue the idea of having a critical mass around which high technology can grow, it may be appropriate for us to invest money in things that have a fall back in health care that have a potential for industrial spinoff. I don't think the people of Alberta would consider that an untoward place to invest dollars.

One of the things that comes to mind is that ion accelerator project, for instance. If -- through the medical research trust, AOSTRA, the Alberta Research Council, the presence of the National Research Council, and an upgrading of our university -- we can develop a free standing employer of PhD-level people with a fall back in health, that may very well be an appropriate expense for us, and a nucleus or a critical mass that would make us competitive with the defence industry. That's one area I would be prepared to recommend.

The second one in the venture capital thing -- and I know we went through this last year, and I know we've been through this on the floor of the House before. But we are gradually coming fairly close, I think, to making a presentation to those in the House on the issue of venture funding. It's a tricky business, because you have to allow the decision-making to be done by those who have their own dollars at risk and, at the same time, become involved with public funds without giving the whole thing a sense of direction. Trying to do all that and still have the Alberta public participate, and still have a sense of direction in the thing that is coincidental with Alberta's long-term ambitions, is a difficult soup to cook. But we are working at it.

We have two people who are very substantial businessmen in Edmonton and Calgary, four all together, who have agreed to spend some time on this issue, and indeed have spent a great deal of time and have selected a key player to put a concept together. That appropriation had passed this Legislature. That gentleman is working on his own, outside of government, developing a concept within the parameters I've suggested to him that will accomplish all those things. So in a month or two or three, perhaps we'll have something of interest. I'd like to hope that it will get past the ashcan because it's a very important thing to do. I say that because the opportunities are really soaring. The opportunity curve in Alberta is really soaring, and it's being filled by people who have talent and money. We really aren't short on the talent end, but we're a little short on the patient money end. If we could have the blend of the two, I think there'd be a great many opportunities presented to Alberta entrepreneurs that would be interesting, exciting, and providing meaningful jobs.

I don't know whether that answered your questions. I kind of forgot what you asked me.

MR PAHL: Thank you. Yes it did.

It leads very well into my third and final question. The stated preference to grow, if you will, the high technology rather than buy it would lend me to ask whether you or your people would have considered a parallel in the business community of the Alberta Heritage Foundation for Medical Research Endowment Fund. Because in that critical mass that you quite properly referred to, certainly the mix can't be all PhDs in biomedics or it can't all be a capability in petrochemicals without, if you will, a business infrastructure. In the view of you and your officials, would there be any value to having a business research fund along parallel lines to the medical research fund to build that strength locally?

MR PLANCHE: We haven't addressed precisely a business research fund as such. We have discussed, in some depth and often, the ways that bench type things can be commercialized and how to fund that. Some very interesting things are going on in the province right now. A lot of them are at the threshold of commercial breakthroughs of high technology ideas. We have no vehicle to fund them at all. That is a tragedy, in my judgment, but I haven't got a solution to it. Hopefully, the venture fund -- and I'm not really happy with the adjective "venture" for that fund. It will more likely approach merchant banking and may envelop the possibility of leasing buildings for people and giving them the option to buy at some later date, so if their particular venture should falter we can recycle the buildings without them getting tied up in the legal part of that.

We have a research park on the university site in Calgary that is turning away people. We have a research park site in Edmonton that will be gaining momentum very quickly. The one in Calgary is already looking for a very large expansion to house the people wanting to get in. I think the variation between the two is that Calgary is a city of chief executive officers of primarily oil companies, and R and D tends to revolve around the chief executive officer geographically because it's usually discretionary dollars. So there's an imbalance developing there we'll want to address somehow.

But we are still looking at ways to commercialize, and that's as tricky as the venture capital or the merchant banking thing, simply because you're always in 'ad hockery'. If you make rules, they never seem to fit anything. If you have regulations for your officials to do, it doesn't give them the discretion they need to have a gut feeling to invest. That's a disappointment. I don't know how to do it.

MR D ANDERSON: Mr. Chairman, my question is somewhat related to, if a lot more general than that of the Member for Edmonton Mill Woods. Mr. Minister, I wonder if you can outline to us which investments made by the heritage fund have been particularly effective, assuming they have been, in diversifying the economy. In other words, where have we been successful in doing that? What kind of investments are we looking at to achieve that end in the future?

MR PLANCHE: I didn't come prepared extemporaneously to discuss it, so I may miss some. Certainly the medical research trust is a key. That increased Canada's medical research capacity by about 50 per cent in one fell swoop, and it's gotten international attention. Our irrigation thrust is going to be very important. But it has to be done coincidentally with the Crow rate adjustment because secondary agriculture here will be very difficult until we have compensatory rates. Our smaller centre airport program has been very useful. That's led to some expectations in our smaller centres which will logically be followed by a third level airline thing that in turn will give those kinds of opportunities.

If I had a heritage fund brochure here, I might be able to comment on more. The Blue Ridge nursery is probably the most effective forestry innovation in the whole of Canada. You notice that B.C. and Ontario are very concerned about the cycle of their trees in view of the fact that they haven't reforested when they should have. That's going to allow us a very real head start in superior trees, as we have to reforest around what we've done in forestry, and that's been important.

If you'd give me a minute or two to go through this thing, I could respond more fully. But those come to mind instantly.

MR D ANDERSON: Thank you. Mr. Minister, you mention specifically the Alberta foundation for medical research. Can you give us some indication of what the department sees in the end resulting from those investments? Do you see a pharmaceutical industry developing here? What dimensions will that add to our diversification program?

MR PLANCHE: The pharmaceutical thing -- you have to be kind of careful that you don't use that in a general sense, simply because the federal government of this country has legislation in place that doesn't allow the recovery of R and D funds from innovative pharmaceuticals. What happens is that -- and it's roughly like this, not precisely -- if a company develops a new drug, a new pharmaceutical for human use, there is a very short period of time in which

they're allowed to market and test that independently of others. At the end of that time, anyone who is in the pharmaceutical business can come in and, for a very small royalty, reproduce it. The health care schemes across the country pay the lowest cost for each drug, meaning that the pirates, if you will, have the drug that is at the lowest price because they don't have to recover R and D. As a result, we've pretty well driven our human pharmaceuticals business out of the country. The only ones remaining are those who are still trying to recover their capital costs. The rest have flown to the Caribbean and to Northern Ireland, or wherever, where they're getting enormous grants.

The potential for health care products, however, is a good one. We would expect to see something very exciting there. We will work directly towards that. We will also work towards a modification of that pharmaceutical law, understanding that there is a careful balance between profiteering with the ill and developing a pharmaceutical industry. It's a delicate balance.

We see some possibilities in veterinary pharmaceuticals, in which you can recover your R and D. Finally, we're going to have to develop some way of commercializing what's found here, taking it from the employee -- often a university or an ARC employee -- taking that from that repository into something that's commercial and giving incentive to the one who discovered it. We're working at that balance.

The timing on the thing will be coincidental, in our judgment, with a variety of other things that will come on stream, like the Walter Mackenzie hospital [inaudible] and that kind of thing. We look forward really to a kind of exciting health care industry here.

We will be bringing forth an RFD for an international symposium on that. We think a thing like MARIA would get us on the lecture circuit world-wide for the kind of people who would excite medical research development here. So the whole thing we're trying to work towards is a common goal. As someone mentioned earlier, it's all low freight, high value added. It's a delightful thing for Alberta to be involved in. It won't be the only thing, but I'm putting a lot of weight on its development as a diversification of interest.

MR D ANDERSON: Thank you.

If I might pursue just one further area in terms of economic diversification that you didn't mention, Mr. Minister. That's in terms of our very large investments in parks from the heritage trust fund. Do you see that having a direct relationship with the tourist industry in the future? Are there any other benefits in an economic sense that we might derive from those besides the obvious benefits to Albertans in the future?

MR PLANCHE: As you might expect when you have a province that's growing like this, with the heavy capital investment and the heavy influx of people, we have turbulence socially. We have the danger of having a very hard dollar-oriented society. I think we've done remarkably well in the soft side of society in terms of culture, performing arts, and so on. A friend of mine happens to be involved in the arts as a volunteer for this province and was just telling me of the delightful feedback he's getting from artists around the country and the continent who find us an exciting environment to operate within. Certainly the Banff School of Fine Arts is developing as an international centre. Parks are a part of that. In other words, that's the balance that makes us an attractive place to be. You can't ask someone to move from an exciting cultural location to head up something here in a managerial sense and be within a wasteland in terms of parks and recreation,

arts, and so on. I think we've done very well in balancing that. We're a long way from a mature society in that sense, but we've done very well. Parks, in my judgment, are part of that. In that context, I would judge them to be a part of economic development.

MR SINDLINGER: Just a quick question, Mr. Planche, in regard to the grain hopper cars we have. From time to time, the railways will pay the owners of those cars what is called a mileage credit. That is, they'll pay the shippers so many cents per mile in order that they can recapture the capital cost. Is that being done with these hopper cars?

MR PLANCHE: We expect no revenue whatsoever from these hopper cars because they're hauling non-compensatory products. We have some difficulty with canola, for instance, which hauled one way is compensatory and hauled the other way is statutory. Our judgment is that the rentals that might accrue from another kind of arrangement would probably not be worth while in terms of the bureaucracy we have to put in place to keep track of them. That judgment would have to change if we should get into compensatory rate hauling. As it stands, we haven't made any provision for recovering income.

MR SINDLINGER: Have you been keeping track of the mileages these cars have earned? For example, I've heard you refer in the past to turnaround times for cars. Can you tell us how many bushels of wheat these cars have carried for us in the last year?

MR PLANCHE: No I can't. They have just been absorbed of course into general use of the grain fleet, with some geographical restrictions on their travel. We either have done or are doing an assessment of what the cost would be to sample survey their travels and difficulties. That may be a useful exercise, although I'm not sure to what use we would put it because we can't do anything about it unless we are determined to become involved in the allocation of cars of our own. So far we haven't made that judgment.

When we got involved in this initially, based on grain shipped we only had a responsibility for, I think, 750 cars, pro rata with Saskatchewan. We bought 1,000, so there are 250 discretionary cars in there that we have generally committed to grain fleet use, with the caveat that we will haul agricultural products whether they're Board or non-Board grain. Those cars are to be dedicated to the profit of our growers rather than the benefit of the regulators. We've skated that line.

MR SINDLINGER: Mr. Planche, perhaps an exercise of the sort you've described might be a prelude to consideration of buying more cars. Is consideration being given to buying more hopper cars?

MR PLANCHE: Not that I know of. The issue still remains one of the logistics of the transportation system. To buy more hopper cars is just going to delay the time that that's essential to do. Our judgment is that we are almost out of time. If something isn't done by the fall of this year, we may very well be in rationing in '84, certainly in '85. So to band-aid what's essentially a critical system problem with the purchase of more hopper cars at this time would be a subject of some debate, in my judgment.

MR SINDLINGER: What you just said raises an interesting question. You said that if something isn't done by the fall of this year, and today being the

fall equinox, I guess that means we're going to be into rationing in '84, '85. Or do you think something else could be done to avoid that?

MR PLANCHE: Well, I have 90 days, because this is just the starting of fall.

MR SINDLINGER: You also indicated that certain geographical restrictions are placed on use of the hopper cars. What system or mechanism do you have in place to ensure that those constraints are met?

MR PLANCHE: In the contract with the railroads, they're forbidden to use them in the U.S. without our written permission, and they're forbidden to take them east of Thunder Bay without our written permission. I think that's it. They're to be used for the hauling of agricultural products. I think those are the three.

MR SINDLINGER: Perhaps over a longer period of time, would it be possible to identify how much wheat or grains have been moved by the hopper cars? The purpose of that is to determine what we receive for our expenditure. That is, we paid money with the objective of moving more products. Have we in fact achieved that end?

MR PLANCHE: I appreciate the comment. I guess the thing that always troubles me is that every time you do one of these studies it takes manpower and dollars, and I haven't the foggiest idea what we'd do with the result. We feel, because they're public funds, it may be incumbent on us to do it in any event. We've looked at sampling for that reason. But because we don't control the cars, because the cars have to get acknowledgment from the Canadian Wheat Board to be shunted or fiddled with in any fashion, they're really beyond our control altogether within those parameters.

As I indicated, we either are or about to get an assessment of what it would cost to sample survey them frequently to get turnaround times. But we know what the turnaround times are because all you have to do is go by a siding. Turnaround times are deplorable. Even from Saskatchewan where you're furthest away and your turnaround times are likely to be the worst -- potash, which is compensatory, just hustles back and forth in about the third the time. So we know how bad it is. The question is what can we do about it, and is public expense going to do anything towards solving it? We know what the problem is. Regardless of what the railways say, they're simply not going to move stuff that isn't compensatory if they're given a choice. You can see this stuff strung on sidings all across western Canada for that very reason.

But I agree, it may look irresponsible not to keep track of them, for whatever reason. That's always nagging at me. But I don't know what we'd do with the result.

MR SINDLINGER: Now that you've brought up the Canadian Wheat Board and the dispatching of cars, has that problem we had last spring been resolved satisfactorily? I can't remember what it was, but we had a problem with the Alberta government actually dispatching cars as opposed to the Grain Transportation Authority. Has that been settled now?

MR PLANCHE: Has what been settled? The cars went to Vancouver and were loaded to a customer through Mr. Lang's facilities. The customer received the goods and the farmers received the money. That's the resolution. That's what happened.

MR NOTLEY: Mr. Chairman, I have one supplementary on this question of hopper cars. Mr. Minister, you indicated there were three conditions: not going east of Thunder Bay, not going to the United States, not hauling items other than agricultural items. Have there been many requests for exemptions? In other words, have we had Alberta hopper cars down in the United States from time to time? Have we had hopper cars going east of Thunder Bay, and how often? Do we have any figures on that?

MR PLANCHE: When the strike was on at Thunder Bay, we had a request to allow the cars to go, and we acceded to that request. Happily, we didn't need to do it. To my knowledge that's the only exception. None of those three has been violated.

MR NOTLEY: Mr. Chairman, I want to move into a slightly different area. This is a matter I put to the Minister of Transportation, but it's obviously something I'm sure the Minister of Economic Development will be working with too. It's Mr. McFarlane's favorite hobbyhorse; that is, lighter-than-air transportation. I'm wondering just what the Department of Economic Development has done with respect to a cost/benefit study on this whole question of lighter-than-air transportation, particularly with respect to northeastern Alberta. There's been some interest in that in northeastern Alberta. It seems to me it does have some theoretical potential at least. I would be interested in just what specifics have been followed by the department subsequent to the report tabled in the House, I believe, last year.

MR PLANCHE: I hope I'm accurate when I say this. To my knowledge, the people involved in the dirigible business have never asked us specifically for a decision on whether or not to assist in financing. I have had, I think, two or three conversations that were in the manner of reports and briefings. We generally have left it in the Department of Transportation. I don't believe we've ever been asked for a definitive yes or no on what we might be prepared to do in terms of assisting in financing.

MR NOTLEY: Setting aside the question of financing -- that's obviously a bit premature -- has there been any further study down the road in terms of the cost/benefits? I raise this because of the assertions made by people in the lighter-than-air business of the potential for northern transportation and the saving of public dollars in massive infrastructure costs. To what extent have we commissioned supplementary studies by the Department of Economic Development?

MR PLANCHE: Well, we haven't commissioned a study to assess the specific use of lighter-than-air vehicles. It seems to me they're more appropriately used for perhaps hauling beneficiated ore, or some forestry activity, or maybe supplying specific projects in low tonnage to remote areas. In that area, as a mode they might be ideal. When you consider we're looking at a shortfall of 20 million ton per year by 1990 of commodities just going west, and you try to assess how many dirigibles that takes at 100 tons a pop, the sky is filled with dirigibles.

So as a mode for our commodity movement problem, we just didn't think it merited any further study. In specifics, though, I think it has some very real application advantages. We'd be amenable to following those through if requested.

MR CHAIRMAN: Perhaps the Chair can get in with a question at this stage. The mention of the 20 million in shortfall to the west coast brings it up. By my understanding, the B.C. government and the northeastern coal business is going to put a considerable load over the B.C. railroad and over the northern route from Prince George to Rupert. A couple of questions come from that. Do we have any part of the proposed coal terminal at Ridley Island, or are we involved in that in any way similar to the involvement in the grain terminal? Is there any word of when that railroad line from Red Pass to Prince Rupert, but more particularly from Prince George to Prince Rupert, is going to be upgraded so they can handle the long trains, and perhaps even double track it? Because that's going to involve Albertans' use of that northern rail route to Rupert and the use of the terminals.

MR PLANCHE: The time line, I think, from the CN on double tracking is four years. As I understand the CN's pronouncement on that issue, it will be four years after there was an indication they could service the debt, which is the compensatory rate issue -- if not all, certainly in part.

On the issue of whether or not we're having any input into Rupert outside grain: only peripherally as it concerns petrochemicals. The National Harbours Board, I believe, has already released the permits for coal handling in there. They cover three or four parties, some of whom presently aren't even shipping coal, but expect to. Because we need the coal capacity in any event -- we need it there and at Robert's Bank, desperately -- we're more concerned with where our petrochemicals might go, understanding that on Ridley Island they'll be next to food, which isn't a very attractive proposition, and in the inner harbor in Vancouver we don't see much of a future for shipping petrochemicals. So we tend to be very troubled that we are going to get petrochemicals on Robert's Bank. Our department is diligently trying to direct policy, as it develops, on where we're going to exhaust our petrochemicals, which need a home.

MR CHAIRMAN: Is any thought being given to using the Kitimat terminal? There is a methanol plant, I understand, being built currently at Kitimat beside the aluminum plant.

MR PLANCHE: The Kitimat terminal, for whatever reason, isn't judged to be suitable for the kind of vessels we have in mind. But we have looked at Kitimat as a possible port facility for a coal slurry, if we should be able to develop that methanol coal slurry line.

MR SINDLINGER: Following up on the terminal questions, Mr. Planche, I seem to recall that the Alberta government has guaranteed some things at Neptune terminals. Are things viable? Is it still a going concern? Or is there any need in the near future for Alberta to get involved in making good on those guarantees?

MR PLANCHE: My information is that things are going very well. The difficulty with Neptune is, and will continue to be, the lack of infrastructure space in order to accelerate car unloadings, ship differently, get trucks in and out, and so on and so forth. It's never going to be a superport facility. It just isn't ever going to be. There isn't enough space. But those who are involved in it are upgrading it and its use is very much appreciated. I don't think we'll ever see the time we'll have to exercise a guarantee. But there sure isn't any potential there for petrochemicals.

If our agricultural products and specialty goods should get off the ground at the end of a statutory rate issue, I'd like to see coal moved out of there to somewhere else too, if we could strike a trade. Because we need to build some surge capacity in there for de-hy pellets and canola. Our judgment of the canola market is that it could be very big if we had somebody moving it. We'd be hopeful that will happen.

MR CHAIRMAN: Are there any more questions from the members to the minister?

Thank you very much for coming. I'm glad you could make it after the other engagement.

Before we adjourn, there are a couple of items. I was going to suggest, after the question was asked last week, that perhaps a reasonable deadline for the submissions to me of proposed recommendations would be Friday of next week, October 2. That gives a few days after the visit to Kananaskis and will give over a week from the last minister's visit to the committee. Then on Monday, October 5, Tuesday, October 6, the committee could get into discussing recommendations or proposed recommendations.

What does the committee think of running on to Wednesday, October 7? The following Monday is Thanksgiving day, and the Legislature is reopening on Wednesday the 14th. Does that fit in with people's schedules? We are getting close to the beginning of the fall sitting, and we would like to get the report put together and presented to the Legislative Assembly.

MR NOTLEY: What about Wednesday, the 13th?

MR CHAIRMAN: Well, I was leaving that open, because people have the one day between the long weekend and the Legislature opening on the 14th. That's why I was suggesting the previous Wednesday, the 7th, rather than the 13th.

MRS FYFE: The [inaudible] is scheduled for the morning. I didn't bring my calendar.

MR CHAIRMAN: Are they meeting here on the morning of the 7th? Perhaps we could meet in the Carillon Room or somewhere like that.

MRS FYFE: For those of us on that committee, that makes it a conflict.

MR PAHL: Mr. Chairman, I'd support the 5th and 6th. I can't make the 7th either. So perhaps we can work hard on the 5th and 6th.

MR NOTLEY: Really hard. That's really optimistic. We need at least three days, possible four. The reason I suggested we look at the 13th, Mr. Chairman, is that I frankly doubt it could be done in three days.

MR CHAIRMAN: You're suggesting we should allocate four?

MR NOTLEY: I think that, unless we want to run into the Legislature, and I think that's unfair to our legislative duties, frankly.

MR CHAIRMAN: Well, that's why I was leaving Tuesday, the 13th, open because people might want to get ready. How many members can be present on Wednesday, October 7, if we have a meeting, say, in the Carillon Room? . . . There are only two. The rest of you cannot make it?

MR D ANDERSON: I haven't got my schedule here, Mr. Chairman, so I can't tell you. I've got it upstairs.

MR CHAIRMAN: I think there's something else scheduled on the 8th. Does the member for Bonnyville-Cold Lake know? Is there something with surface rights on the 8th?

MR ISLEY: [Inaudible] scheduled the evening of the 7th, and all day on the 8th.

MR CHAIRMAN: It looks like we're getting into the usual time problem.

AN HON MEMBER: We may have to sit in the evening.

MR CHAIRMAN: Well, maybe yes, I don't mind. I would like to get through the discussions before the Legislative Assembly opens, because we still have to write the report subsequent to that.

MR NOTLEY: Perhaps, Mr. Chairman, a canvass of the members to see if some additional date, either the 7th, 8th, or Friday, the 9th, even that week is possible?

MR CHAIRMAN: I think I'll take the prerogative of the Chair. I'll canvass the members and I'll allocate which days we're going to use, according to when we can have the most members available and when we can get space. Is that agreeable?

HON MEMBERS: Agreed.

MR CHAIRMAN: All right. Is the deadline of Friday, October 2, for proposed recommendations also acceptable?

HON MEMBERS: Agreed.

MR KNAAK: Mr. Chairman, is there a problem with Monday, the 5th?

MR CHAIRMAN: No, we're meeting on Monday, the 5th, and Tuesday, the 6th. I'm suggesting we meet the latter part of the morning, perhaps from half past 10, and the afternoon of the 5th, and the morning and afternoon of the 6th. Then I'll check into who is available other days subsequent to that, if that's agreeable.

The committee is adjourned until 9 o'clock tomorrow morning, when we meet with the Minister of Housing and Public Works.

Thank you.

*The meeting adjourned at 4:20 p.m.*