

## LEGISLATIVE ASSEMBLY OF ALBERTA

Monday, April 9, 1973

[The House met at 2:30 o'clock.]

## PRAYERS

[Mr. Speaker in the Chair]

## INTRODUCTION OF BILLS

Bill No. 36

The Alberta Resources Railway Corporation Amendment Act, 1973

MR. MINIELY:

Mr. Speaker, I beg leave to introduce a bill, being The Alberta Resources Railway Corporation Amendment Act, 1973.

Mr. Speaker, all hon. members are aware of the fact that the original, allowed, authorized debt of the Alberta Resources Railway Corporation was \$100 million. I believe also all hon. members are aware that, since that time, annual operating deficits of the railway have given rise to a total debt now of approximately \$127 million, which debt in excess of \$95 million has been paid out of the general revenue of the province.

This bill, Mr. Speaker, proposes to increase the authorized debt of the Alberta Resources Railway to \$125 million, thereby allowing the railway to, on its own account, borrow and reimburse the general revenue fund.

Mr. Speaker, it's in keeping with the general principle that Crown corporations should bear the cost and the interest cost of their own operations.

[Leave being granted, Bill No. 36 was introduced and read a first time.]

## INTRODUCTION OF VISITORS

DR. BUCK:

Mr. Speaker, I wish to introduce to you and through you to the members of this Assembly, a Grade 12 social studies class from the New Sarepta High School. They are accompanied by their teacher, Mrs. Hay. They are seated in the public gallery. I'd like them to stand and be recognized by the House.

MISS HUNLEY:

Mr. Speaker, I beg leave to introduce to you and through you to the members of this Assembly some Grade 4 students from Northmount School, which is in the constituency of my colleague, the hon. Dr. Hohol, and three of their teachers, Mrs. Kinloch, Mr. Wyllie and Mr. Randall. They are in the public gallery and I would like them to stand and be recognized by the House.

MR. CHAMBERS:

Mr. Speaker, I would like to introduce to you and through you to the members of this Assembly, 60 enthusiastic young friends from the Grade 9 class of Killarney Junior High School, which is located in the Calder constituency. They are accompanied by their teachers, Miss Osaka, Mrs. Burkin and Mr. Lewis. And I want to congratulate them for their interest in coming here to observe the parliamentary procedure in action. They are seated in the members gallery and I would ask that they stand and be recognized by the members of this House.

MR. TAYLOR:

Mr. Speaker, I'd like to introduce to you and through you to the hon. members of the Legislature a young man who needs no introduction. He was a page boy in this House for several years and is now a university student. He is a fine young man by the name of Mr. Dennis Fafard. He is in the public gallery.

FILING RETURNS AND TABLING REPORTS

MR. MINIELY:

Mr. Speaker, I'd like to table two replies to written questions. One is to Question No. 203, and the second is to Question No. 103.

MR. CRAWFORD:

Mr. Speaker, I'd like to table copies of the Annual Report, 1971-72, of the Alberta Department of Health and Social Development.

DR. HORNER:

Mr. Speaker, I'd like to table a Return to Motion for a Return No. 183.

MR. YURKO:

Mr. Speaker, I'd like to table three reports on reclamation and revegetation of land disturbed in the tar sands -- two by the Great Canadian Oil Sands Company and one by the government.

MR. HYNDMAN:

Mr. Speaker, I wish to table the replies to two Motions for a Return Nos. 164 and 171.

MISS HUNLEY:

Mr. Speaker, I wish to table a reply to Return No. 167.

MR. GETTY:

Mr. Speaker, I have a Return ordered by the House, No. 126, that I wish to table.

CRAI QUESTION PERIOD

MR. SPEAKER:

The hon. Member for Drayton Valley, followed by the hon. Member for Pincher Creek-Crowsnest.

MR. ZANDER:

Mr. Speaker, my question is to the hon. Minister of Mines and Minerals. He indicated in the House last week that 296 --

HON. MEMBERS:

He's not here, he's not here.

MR. ZANDER:

Oh, I'm sorry. I'll save it until tomorrow.

MR. SPEAKER:

The hon. Member for Fincher Creek-Crowsnest, followed by the hon. Member for Spirit River-Fairview.

Highway No. 3

MR. DRAIN:

Mr. Speaker, my question is to the hon. Minister of Highways. Is the hon. minister prepared to concur with the name 'Crowsnest 3' for the No. 3 Highway?

MR. COPITHORNE:

Mr. Speaker, that's a very timely and good question, and we are taking it under consideration at this time because, first, we are considering particularly historical names as such for highways.

Greyhound Bus Fares

While I'm on my feet, Mr. Speaker, I would also like to answer a question that was directed to me by the hon. Member for Lethbridge West regarding increased fares by Greyhound. I'm sorry that he is not in his seat at this time. In January of 1973, Greyhound of Canada initiated a general increase in fares of approximately 5 per cent. The Highway Traffic Board does not control bus passenger rates except to set a maximum per mile charge allowable. The rates currently charged by Greyhound of Canada are well under the ceiling set by the Highway Traffic Board.

MR. SPEAKER:

The hon. Member for Spirit River-Fairview, followed by the hon. Member for Vermilion-Viking.

Calgary Power

MR. NOTLEY:

Thank you, Mr. Speaker. I'd like to direct this question to the hon. Minister of Telephones and Utilities. Can the minister advise the House whether the Public Utilities Board Order for an interim 15 per cent rate increase for Calgary Power is a uniform rate of 15 per cent across the board for all customers?

MR. FARRAN:

Mr. Speaker, I'm not sure of the answer to this, and I'll let him know tomorrow.

MR. NOTLEY:

Supplementary question, Mr. Speaker. While the minister is finding out this information, could he also find out whether or not it is true that Calgary Power is charging 20 per cent more, on an interim basis, than the City of Red Deer?

MR. FARRAN:

I'll also look into that, Mr. Speaker.

MR. SPEAKER:

The hon. Member for Vermilion-Viking, followed by the hon. Member for Olds-Didsbury.

Senior Citizens' Lodges

MR. COOPER:

Mr. Speaker, my question is for the hon. Minister of Health and Social Development. Mr. Minister, is it the intention of the Department of Health and Social Development to raise the ceiling for board and room paid by senior citizens in Alberta senior citizens' lodges?

MR. CRAWFORD:

Mr. Speaker, I would have difficulty finding the difference between that and the question asked and answered on Thursday or Friday when I said to the hon. member that at the present time it is not the intention of the government to vary the Order-in-Council which is in existence, and has been for some time, in regard to those rates. It is not a matter of the department itself.

MR. SPEAKER:

The hon. Member for Olds-Didsbury, followed by the hon. Member for Calgary Bow.

U.S. Congressional Oil Pipeline Hearings

MR. CLARK:

Mr. Speaker, I would like to address my question to the hon. Minister of Federal and Intergovernmental Affairs, and ask the minister who is representing the Province of Alberta at the U.S. Congressional Subcommittee hearings regarding the oil pipeline question?

MR. GETTY:

Mr. Speaker, the government doesn't have any official representatives at that hearing.

MR. CLARK:

Mr. Speaker, a supplementary question. When did the government change its attitude towards representation at these hearings?

MR. GETTY:

There has been no change in attitude, Mr. Speaker.

MR. SPEAKER:

The hon. Member for Calgary Bow, followed by the hon. Member for Drumheller.

Senior Citizens' Home Grants

MR. WILSON:

Mr. Speaker, I would like to direct a question to the hon. Minister of Municipal Affairs. Is the government planning to introduce legislation at this session which would provide grants to help senior citizens upgrade or repair their own homes?

MR. RUSSELL:

No, Mr. Speaker, we hadn't considered such legislation for this session although there have been some federal-provincial discussions relating to that and other closely related topics as a result of proposed amendments to the National Housing Act.

MR. WILSON:

A supplementary, Mr. Speaker, to the hon. Minister of Health and Social Development. Has the Department of Health and Social Development any statistics which indicate the number of pensioners' homes desperately needing improvements?

MR. CRAWFORD:

I would be almost certain, Mr. Speaker, that information of that type doesn't already exist in the department, but I will check into it.

MR. SPEAKER:

The hon. Member for Drumheller, followed by the hon. Member for Spirit River-Fairview.

Marijuana Research

MR. TAYLOR:

Thank you, Mr. Speaker. I have a question for the hon. Minister of Culture, Youth and Recreation. Has the minister or his department carried out any recent research in connection with the extent of the use of marijuana in the Province of Alberta?

MR. SCHMID:

Mr. Speaker, the entire division looking after that actually has been turned over to the Department of Health and Social Development under their Drug and Alcohol Abuse Commission.

MR. CRAWFORD:

Mr. Speaker, maybe I could just add to that and say that I have no objection to making an inquiry of the Chairman of the Alcoholism and Drug Abuse Commission.

MR. SPEAKER:

The hon. Member for Spirit River-Fairview, followed by the hon. Member for Medicine Hat-Redcliff.

Alberta Libraries Survey

MR. NOTLEY:

Mr. Speaker, I would like to direct a question to the hon. Minister of Culture, Youth and Recreation. Can the minister advise the House when the report of the survey committee for Alberta libraries will be completed and when it will be tabled?

MR. SCHMID:

Mr. Speaker, a portion of that was completed last summer, however, in the meantime the hon. Helen Hunley has approved a further study which is the most important one and is expected to take about a year. We will then consider legislation accordingly.

MR. NOTLEY:

A supplementary question, Mr. Speaker. Can the minister advise the House how public library grants compare on a per capita basis with other provinces? Is it true, Mr. Minister, that government support for public libraries in Alberta is the lowest of any province in Canada?

MR. SCHMID:

Mr. Speaker, I wouldn't say the lowest. It is one of the lowest and before we consider any increase in grants, of course, we would like to have the study completed.

MR. SPEAKER:

The hon. Member for Medicine Hat-Redcliff, followed by the hon. Member for Vermilion-Viking.

Canned Pop Deposits

MR. WYSE:

I would like to direct my question, Mr. Speaker, to the hon. Minister of the Environment. Is the minister considering increasing the deposit on canned pop to make it universal with bottled pop?

MR. YURKO:

No, Mr. Speaker.

MR. WYSE:

A supplementary question. Is there any indication that there is a swing upward in canned pop in comparison to bottled pop at this time?

MR. YURKO:

We are watching this fairly carefully, Mr. Speaker. The initial indication was that, in fact, there was a drop. I haven't examined the figures for March; it may be that they have gone up somewhat but we are going to be watching the figures very carefully.

MR. WYSE:

One more supplementary question, Mr. Speaker. Is the minister's department taking any steps to increase the wood containers required by the universal depots? There is a serious shortage in my area.

MR. YURKO:

Yes, Mr. Speaker, we have contacted the manufacturers on several occasions by telephone as well as by letter. The manufacturers have generally advised us and assured us that they are going to have sufficient containers placed throughout all the various depots. However, this has taken some time. I think some of the manufacturers have performed very admirably in this regard whereas others haven't performed that well.

MR. SPEAKER:

The hon. Member for Vermilion-Viking followed by the hon. Member for Olds-Didsbury.

Cattle Rustling

MR. COOPER:

Mr. Speaker, my question is for the Department of the Attorney General. Mr. Minister, in order to combat cattle rustling, is it the intention of the Department of the Attorney General to empower RCMP, and specifically name provincial brand inspectors, to inspect herds of cattle on farm premises without a search warrant?

DR. HORNER:

Perhaps I should answer that, in that it involves the investigative branch of the Department of Agriculture in relation to brand inspection. It is not our intention to go to people's farms without a search warrant under ordinary circumstances.

MR. SPEAKER:

The hon. Member for Olds-Disbury followed by the hon. Member for Calgary Millican.

Status of Private Schools

MR. CLARK:

Mr. Speaker, my question is to the Minister of Education. I would like to ask the minister if he plans on introducing legislation at this session dealing with the question of the status of private schools?

MR. HYNDMAN:

No, Mr. Speaker.

MR. CLARK:

Supplementary question, Mr. Speaker. Could I ask the minister the status of the draft bill that the Association of Independent Schools presented to the government? I believe it was last fall.

MR. HYNDMAN:

Yes, that is correct, Mr. Speaker. The Association of Private Schools did present a draft bill to me some months ago, and in addition, there have been a number of other submissions made from private schools regarding the legislation -- regarding the question of possible amendments to The School Act, or a new Act, which some would like to see there.

We, at the moment, do not anticipate any legislation coming in at this session. But I will probably be making some statements regarding the general directions of government policy on private schools at the forthcoming annual meeting of the association, I believe in about two weeks time in Red Deer.

MR. SPEAKER:

The hon. Member for Calgary Millican, followed by the hon. Member for Calgary McCall.

Freeze in School Construction

MR. DIXON:

Mr. Speaker, I would like to direct my question today to the hon. Minister of Education. It is regarding the provincial freeze on new school construction. I was wondering if he had any complaints from parents in the City of Calgary and other parts of Alberta, and is there going to be any change in that program, maybe looking at temporary school buildings in those areas?

MR. HYNDMAN:

Well, Mr. Speaker, in the first place, there is not a freeze. As members will recall there was in December, quite a substantial falling in the previous holding pattern. But I have received a number of letters from parents in Calgary relating to one school -- the actual name escapes me -- but I believe there was a change in policy by the school board there. Generally the implementation of the policy is a responsibility of local school boards, within the general guideline of trying to seek a 90 per cent utilization of all the schools in the area.

There will be, therefore, new building going on in those school districts where they can show a 90 per cent or greater utilization of schools and this will be, for example, in the areas surrounding Edmonton and Calgary particularly where most building will be taking place. Those are really the only substantial growth areas, those and Fort McMurray, in the province at this time. But if other school jurisdictions wish to rearrange the way in which their students are housed they would be eligible to apply for a new school or an addition to their school.

MR. DIXON:

Supplementary to the hon. minister. Mr. Speaker, the Calgary School Board is running ads which say in effect, there is a new school freeze. I am wondering if you are going to get in touch with the Calgary School Board and tell them that it may not be an across-the-board freeze -- but that is the way the ads are coming out.

MR. HYNDMAN:

Well, Mr. Speaker, those advertisements were put in by the Calgary Board after meetings in December and January between the department and the boards at which time we indicated that for many years people have had the feeling that when they move out to a new subdivision in a large city, that automatically they will have and are entitled to a new school next door.

We indicated that because of the drop in the birth rate -- the number of students will drop from some 423,000 to 401,000 in the next five or six years -- it would be wise for school boards to put an advertisement like that in the paper indicating that they had better check with their local school board to the effect that no longer can one moving into a new suburb automatically feel that there will be a full elementary, junior high and high school there.

So these advertisements are, in my view, an excellent idea by the Calgary School Board and, in effect, are carrying out one aspect of government policy in new school board construction.

MR. DIXON:

My final question, Mr. Speaker, to the minister regarding this situation. Is there any thought of doing away with the charge they are going to level against students who must take the bus to school -- I think it's \$2.50 that has been arrived at -- because some of the families have been complaining they shouldn't be charged that as well as paying the high school taxes in the new areas. I was wondering if any consideration has been given to that?

MR. HYNDMAN:

Mr. Speaker, that's a decision for the local school board. Recently there was an increase in the grants available for transportation to urban school districts for the very purpose of assisting them in these cases, where busing was required as a result of greater utilization of schools. So that would be a question and a decision for each local school board to make.

MR. SPEAKER:

The hon. Member for Calgary McCall, followed by the hon. Member for Taber-Warner.

Public Housing Rent Subsidy Program

MR. HO LEM:

Mr. Speaker, I would like to direct a question to the hon. Minister of Municipal Affairs. In view of the reported waiting list of 430 families in Calgary for public housing has the minister yet reached a decision to participate in the federal government rent subsidy program?

MR. RUSSELL:

I think in responding to that there should be three points made, Mr. Speaker. First, there are some vacancies in existing public housing units in Calgary. Secondly, unfortunately there have been unused funds for public housing, available through the Alberta Housing Corporation, which have not been picked up by the municipality. Thirdly, the province has been prepared for some time to go ahead and construct public housing at no equity contribution by the municipal governments and they have been objecting to this.

So I think all those things have to be taken into consideration when we then look at the second way of dealing with that, and that is through the rental subsidy agreement. Personally, I find that approach extremely attractive. We recognize that Ontario has managed to reach an agreement with the federal government and Alberta is presently pursuing that course.

MR. HO LEM:

A supplementary, Mr. Speaker. In view of the minister's statements that he does feel that there are advantages to the rent subsidy program for low income families, when this is adopted would you feel that this may eventually take precedence over the present public housing program in Alberta?

MR. SPEAKER:

The hon. member's question is strictly hypothetical, although it's in positive form, because it depends on whether or not the policy he mentioned is adopted.

MR. RUSTE:

Mr. Speaker, a supplementary question to the minister. Has any study or assessment been made of the reason for this amount of money not being picked up entirely?

MR. RUSSELL:

I believe the reason is -- and I'm only guessing -- that the budget of the Alberta Housing Corporation is struck each year based on what they think various municipal governments will request in the way of approval for public housing projects. If the requests don't meet what was the estimate, then those funds are left unexpended.

I would like to comment just for a moment on the policy referred to earlier by the hon. Member for Calgary McCall in that if he will recall the debate this Legislature had with respect to the whole matter of dealing with public housing, either on a rental or ownership basis, I think there was strong opinion from both sides of the House that a mix of both systems would be the most desirable approach to the problem.

MR. SPEAKER:

The hon. Member for Taber-Warner.

Acupuncture

MR. D. MILLER:

Thank you, Mr. Speaker. My question is to the hon. Minister of Health and Social Development. Is the minister prepared to report on his assessment of the science of acupuncture?



MR. CRAWFORD:

Not at the present time, Mr. Speaker.

MR. D. MILLER:

Supplementary question, Mr. Speaker. Would the minister consider investigating the use of acupuncture treatment in drug addiction?

MR. CRAWFORD:

Mr. Speaker, I think the previous expressions on this subject I made to the House indicated that I felt the principle individuals who have an interest in the subject and who are members of the Alberta Medical Association are probably as contemporary as most professionals in Canada on the subject. And it's not long ago that an interest in it became apparent, and I would be willing to talk to them about it from time to time and see if they have recommendations to make about the greater utilization of that interesting art or science, whatever it may be. So I suppose I should simply say to the hon. member that because of his question I will get in touch with the Alberta Medical Association and see if they would be interested in commenting positively at this time or if perhaps it is still under review by them.

MR. SPEAKER:

The hon. Member for Calgary Bow.

Sewer Trunk Lines

MR. WILSON:

Mr. Speaker, I would like to direct a question to the hon. Minister of Municipal Affairs. Is the provincial government establishing municipal priorities to bring to Alberta part of the federal government \$125 million budget for sewer trunk lines?

MR. RUSSELL:

Mr. Speaker, up until recently, unfortunately the provinces have had to take the allocation of such funds after the fact was announced. This was a matter of fairly lengthy discussions at our last federal-provincial conference in Ottawa last January. Alberta very strongly made the point that not only would we would like to see block funding instituted rather than funding on a project basis, but we would like to carry out the administration of the program within the province as well.

MR. WILSON:

A supplementary, Mr. Speaker, to the hon. minister. Has your department had any recent correspondence from the hon. Mr. Basford encouraging the provincial establishment of municipal priorities in Alberta for this sewer trunk fund?

MR. RUSSELL:

I don't recall any correspondence specifically dealing with that fund, Mr. Speaker, although we have current communications underway with respect to our own little local tri-level conference to be held within Alberta but dealing only with Alberta as a provincial representative. Certainly that is the kind of thing that would be on such an agenda for that kind of meeting.

MR. SPEAKER:

The hon. Member for Spirit River-Fairview.

Rural Gas Policy

MR. NOTLEY:

Mr. Speaker, I would like to direct this question to the hon. Government House Leader. Can you advise whether or not the government's rural gas policy -- the introduction of that policy -- will precede the estimates of the Department of Telephones and Utilities so that there will be some opportunity for members to discuss in the legislature the pros and cons of the government's position?

DR. HORNER:

Mr. Speaker, if I can respond to that, I think there will be lots of opportunity to discuss the pros and cons of the program, but I can't give any undertaking that the estimates of the department will not come ahead of the announcement of the rural gas plan.

#### ORDERS OF THE DAY

#### MINISTERIAL ANNOUNCEMENTS

MR. HYNDMAN:

Mr. Speaker, I would like to announce and table for the benefit of the House the first of a series of reaction papers setting forth the specific reaction of the Department of Education to a number of the specific recommendations of the Commission on Educational Planning. Over the weeks ahead I will be tabling further documents of this kind as will my colleague, the Minister of Advanced Education.

This first statement deals with 17 of the specific recommendations pertaining to the governance of educational institutions in the province. It sets forth the recommendation, the page and paragraph in the report in which it can be found, and the reactions, specifically, of the Department of Education.

It deals with some of the following positions: the responsibilities of school boards; the question of decentralization of authority; the question of policies where there are concentrations of native students in rural school divisions; the question of regulation of private schools by government; the planning of future growth; the whole area of school councils, regional learning centres, election of trustees by wards, and the question as to whether trustees should be eligible for election to the board of trustees of the school system in which they are employed.

MR. DICKIE:

Mr. Speaker, I wonder if I might rise and ask the permission of the House to revert to filing Returns.

HON. MEMBERS:

Agreed.

#### FILING RETURNS AND TABLING REPORTS (CONT.)

MR. DICKIE:

Mr. Speaker, I would like to table a report by the Energy Resources Conservation Board which was released Friday last. It is in the matter of the application of TransCanada Pipelines Ltd., and in the matter of an application of Many Islands Pipe Lines Ltd.

[Mr. Speaker left the Chair.]

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#### COMMITTEE OF SUPPLY

[Mr. Diachuk in the Chair.]

MR. CHAIRMAN:

The Committee of Supply will now come to order.

#### Department of Mines and Minerals

MR. COOKSON:

Mr. Speaker, Subcommittee B had under consideration Vote 20, the Estimates of expenditure for the Department of Mines and Minerals, and begs to report the same.

I therefore move, seconded by the Minister of Mines and Minerals that a sum not exceeding \$2,646,400 be granted to Her Majesty for the year ending March 31, 1974 for the Department of Mines and Minerals.

MR. CHAIRMAN:

Can we just hold the meeting for one moment please?

DR. BUCK:

These part-time ministers.

DR. WARRACK:

Mr. Chairman, the minister just went to get his book.

AN. HON. MEMBER:

Just like part-time dentists.

[Mr. Dickie entered.]

[Applause]

MR. CHAIRMAN:

Thank you. Order. Moved by the Chairman of Subcommittee B and seconded by the hon. Minister of Mines and Minerals, resolved that a sum not exceeding \$2,646,400 be granted to Her Majesty for the fiscal year ending March 31, 1974 for the Department of Mines and Minerals.

Any questions?

MR. HENDERSON:

Well, Mr. Chairman, I can only suggest that the exercise we just went through, the slight delay, is pretty well in keeping with the performance of this department so far as enunciating its policy statements as per the commitments in the Throne Speech.

In the general absence of the policy statements that were anticipated in the Throne Speech, it really leaves very little to discuss, Mr. Chairman.

MR. NOTLEY:

Before we get caught up in enthusiasm here to get on rapidly with the order of the House, I want to pose several questions to the minister.

First of all, can the minister advise the House how many of the wells completed this year were drilled by the major oil companies? I'd like to quote from Carl Nickle's Daily Oil Bulletin of January 27, 1972: he cites a number of wells drilled by the major companies: Imperial Oil 2 wells, Shell 2 wells, Texaco 3, Gulf 6, Mobile 4 wells, for a total of 17 wells.

The point I am making, Mr. Minister, is that it seems to me that there is considerable evidence to indicate that the major oil companies are not plowing back into further exploration and drilling a major portion of the revenue they are taking out of this province. So I think it would be useful if you were able to advise the House on the basis of the information you gave the other day. You totalled the number of wells, but you didn't signify how many were drilled by the smaller, independent companies and how many, in fact, were completed by the majors who, at this stage of the game, seem to be making the most money out of the development of our petroleum resources.

MR. DICKIE:

Mr. Chairman, for clarification the hon. member might relate the type of wells he is referring to. If he is referring to wells that were under the Drilling Incentive Program or just the wells generally drilled, and for a specific period of time, we'd certainly be glad to get him the information he requires.

MR. NOTLEY:

Mr. Chairman, I'm interested first of all in the wells drilled, period, in the province and then I think, because we are making funds available through the

incentive program, it would be useful if we had the information on the breakdown as far as the 296 wells, I believe it was, that were drilled under the incentive program.

I'm wondering if the minister is in a position today to provide perhaps more information for the Legislature on the guidelines that will be used in calculating the new natural gas royalties. We're not to have a position paper tabled during the spring session, it appears.

But several weeks ago in the question period I asked the Premier whether or not the general yardstick used in computing the petroleum royalty would be applied in the case of natural gas royalties. I am interested in the minister advising the House on the general guidelines that will be used in computing the new royalty, and whether or not that would be on the basis of a five-year period or whether there will be a sliding royalty that will be readjusted every year.

MR. DICKIE:

Mr. Chairman, first might I go back to the time. I take it from the hon. Member for Spirit River-Fairview that it would be quite in order if we take the period of time that might be convenient for determining the number of wells drilled by, say, the majors and the independents. I was thinking perhaps of the calendar year 1972 for some and then for the Drilling Incentive Program, in view of the fact that it started with the royalty holiday on May 1, and then the credits allowable were started on August 1 -- we would work a convenient period of time. And I take it the hon. member has no specific period of time in mind other than for the general wells that were drilled over the calendar year 1972.

Mr. Chairman, he has indicated by nodding his head that that would be satisfactory.

Now proceeding with the question that he raised in respect to our natural gas royalty. As I have mentioned in the House, we have a study group working on this at the present time. I am unable to advise the hon. members of the specific guidelines that will be set by that study group.

MR. NOTLEY:

Mr. Chairman, when will there be some announcement with respect to this matter? Will it be delayed until we actually read in the paper one day that the government has come up with a new royalty structure? Or will there be some kind of position paper which will be tabled well enough in advance so that people who have different ideas as to what the royalty structure should be would have an opportunity to lobby their MIA's or their cabinet ministers or what have you?

MR. DICKIE:

Mr. Chairman, as I tried to mention in the House the other day, the actual decision as to what procedure will be followed really hasn't been determined. There are a number of aspects that we are looking into in the new natural gas royalty. But until we have that really finalized, I think it would be a little premature for us to declare at this time exactly what the position would be. However, I can say that there will be no question that the hon. members will have an opportunity to debate it at the fall session of the Legislature.

MR. NOTLEY:

So in actual fact then, Mr. Chairman, we will be debating this matter after the fact rather than before the fact.

MR. DICKIE:

Yes, Mr. Speaker, that will be the situation, and I think the hon. members appreciate that the guidelines, as the hon. member refers to them, will be spelled out in regulations which are passed by the Executive Council.

MR. ZANDER:

Mr. Chairman -- Mr. Minister, I wanted to ask you this question in the question period, regarding the 296 wells that were drilled under the Incentive Program. Can you tell us, sir, how many of those wells out of the 296 were proven gas producers and oil producers?

MR. DICKIE:

Mr. Chairman, the wells that were drilled under that program are presently in the process of being completed. The report that I received, as of last Friday, would indicate that there are 5 oil wells that are successful and 9 gas wells. So that would make a total of 14 to date.

MR. DIXON:

Mr. Chairman, there are a couple of questions I'd like to ask the hon. minister. It hinges a great deal on the future of Alberta because I think even as the hon. the Provincial Treasurer pointed out, the Alberta budget projections could be cut if our gas export reduction comes about.

I was wondering about two questions. One is, if we decided to increase export of gas south to the United States, is there pipeline capacity now to take a substantial increase? We're getting well on into 1973 and there has been no substantial gas export predicted for the United States, and so I'm wondering, what is your answer? Are you, as a department, going to encourage the export of gas to the United States, as well as to eastern Canada?

MR. DICKIE:

Mr. Chairman, I believe the question really requires two answers. First on the question of gas export, that will be dealt with as the session progresses. You will recall that we tabled today the report by the Energy Resources Conservation Board and the recent application by the TransCanada Pipelines. That is now before the cabinet, so I will refrain from any further comments in that area until the cabinet has dealt with those applications and the report by the Energy Resources Conservation Board.

On the second question of the pipeline capacity, I take it that the hon. member is concerned perhaps with the pipeline capacity for gas as compared with oil although I think the hon. member will appreciate now that the federal government has announced that controls will be implemented as of March 1 in respect to oil. I'm not sure whether the hon. member would like the information in respect to both the gas line and the pipeline. I could get the information if the hon. member so desires.

MR. DIXON:

Mr. Chairman, to the minister. Yes, we are anxious to get that, and we'd like to have it because I think we, on this side of the House, are going to be advocating new programs for the government to embark on, and I think it is essential to find out where the revenue will be coming from. Concern was expressed by the Provincial Treasurer -- and what I'd like to know -- and in particular in Calgary where many people are attached to the industry. They are anxious to find out just what the future is as far as gas export to the United States is concerned. I realize that the final decision has to be made by the federal authorities, but at the same time, they do put a lot of weight in any support they get from the province producing the gas.

It's becoming a concern to the people in industry, because the year is rapidly moving along, we are almost halfway through, and no definite decision has really been made, nor any definite program. You tell me that it's going to be here in another few days, but we've heard that for the last two months.

MR. DICKIE:

Mr. Chairman, I think I've advised the hon. member of the steps that will be taken there by the cabinet when they consider the reports by the Energy Resources Conservation Board.

I would like, however, clarification from the hon. member, whether he wishes us to pursue further information for him on the question of pipeline capacity, both for oil and gas, keeping in mind the question that the pipelines are a question under the jurisdiction of the federal government.

MR. STROM:

Mr. Chairman, to the minister.

MR. CHAIRMAN:

Mr. Strom, one moment.

MR. DICKIE:

I wonder if the hon. Member for Calgary Millican would like to clarify that, if he would like further information. I wasn't sure.

MR. DIXON:

Yes, Mr. Chairman, to the minister. I would be pleased to have that, because I think this is an essential thing. There is no use talking about export then finding we haven't got the transportation facilities, and I think the federal government leans heavily on Alberta, as they have over the years, to come up with suggestions as far as transportation of oil and gas is concerned.

But basically, my reasoning is that we as a provincial government are relying heavily on our oil and gas development and this is essential, as I mentioned earlier, in our expenditures in the coming years. I think it is essential to us and I would certainly like the information as to whether we can transport all the development that is going on in the oil and gas industry in particular, so that we are not doing all the developing and providing all the incentive. Then we get the green light and we are not able to export it because the transportation facilities aren't there.

MR. STROM:

Mr. Chairman, to the minister. I think it is generally conceded that the price of Arctic gas will be considerably higher than Alberta gas and when it becomes available to the market it will be at a considerably higher price. My question to the minister, Mr. Chairman, is, what impact will it have on the price of Alberta gas?

MR. DICKIE:

I think, Mr. Chairman, that may be a rather difficult question to answer at this stage because I think the policies that have to be evolved with respect to the export of natural gas will be determined, we hope, in the next little while, which will give some guidance and direction on that.

I think the hon. member would have to appreciate that at the present time, before the question of an export of gas, they would be first required to make an application before our Energy Resources Conservation Board. That application is then considered on a report by the Energy Resources Conservation Board to the Executive Council. Following that the company will then apply to the National Energy Board for the question of export to the United States. After that period of time that application may or may not go before the federal cabinet.

The November, 1971 decision, you will recall, was a decision by the National Energy Board where they refused export and, by virtue of the refusal and under the provisions of the Act, that did not come before the federal cabinet.

So I think the question of those applications and how they are handled in the future for future export will depend a lot on the question of the full implications for the Province of Alberta.

MR. STROM:

Mr. Chairman, I really don't get a clear answer from the minister as to whether he feels that it will have an upward trend on gas prices, but my view is that it will have a very marked trend toward an increase in prices.

While I am on my feet I would like to bring another point to the minister's attention and get his reaction to it. I think it was back in 1969 that Consolidated Gas came in and made a lot of contracts with producers in Alberta at considerably higher well prices. The hon. minister, I am sure, is well aware that those applications were approved by the Alberta Conservation Board at that point in time. The application then went before the National Energy Board and was turned down with the result that there was no competition in the market place.

My question to the minister would be, would it not be fair to assume that we then had the first indication of the increased prices that would be available to Albertans on the competitive marketing of its product, which was in fact hampered by the action of the National Energy Board?

Also then would he not agree, in light of the cost of gas from the Arctic which will have to be used to supply the hungry markets to the south, that the

greatly increased price they will have to get will, of course, be favourable to Alberta producers and can only result in higher prices?

MR. DICKIE:

Mr. Chairman, dealing with the question generally of prices, I think in the speech I gave on the budget, I tried to indicate the comparative prices, relating those prices to Alberta at the present time. I dealt not only with the Arctic but also with the Mackenzie Delta which was significant. They were talking about gas from Algeria, gas from Russia, gas from all of these places. Our initial analysis would certainly indicate that those prices are higher. I think however, in looking at those prices, they are projected some years in advance. What we have tried to do was to discount those factors, to get them in relation to say, 1972 prices -- of which we have an average here in Alberta, of some 16 cents -- and we have tried to relate that to what might be the escalations as a result of price redeterminations in Alberta, then project to see whether those prices would be higher than what Alberta is, assuming a certain increase as a result of price redetermination.

I would say, Mr. Chairman, to the hon. member, that our general indications are certainly that gas prices are going to be higher as a result of the Mackenzie Delta and Arctic gas. So we can look for higher prices in Alberta for our natural gas.

MR. STROM:

Is it the intention of the government to direct industry as to the price that they ought to be asking? Will it be determined in the market place?

MR. DICKIE:

Well, Mr. Chairman, I think in answering that, I did express the view in the Budget Speech that when we first looked at this question, we assessed that the gas leaving the Province of Alberta was underpriced, and what steps we could take to see that we did get fair value for that.

Our first step, of course, was to request the Energy Resources Conservation Board to have their field price hearing on natural gas. We received their report in August, we made that public, then the hon. Premier in November announced our natural gas policy statement. And you will recall in that policy statement that we requested that those companies that are involved with contracts where gas is leaving the Province of Alberta file with the Energy Resources Conservation Board the pricing provisions of their contracts by April of this year.

The first of April has come, the pricing provisions of those contracts will be with the Board, and the Board is presently working on a report. The real answer to the question that the hon. member raises, will be determined after we get the report from the Energy Resources Conservation Board on the pricing provisions of the contracts covering gas leaving the Province of Alberta.

MR. HENDERSON:

In light of the province's efforts to improve or increase the return to the Alberta producer and the government from the sale of natural gas outside the province, and in light of the monopoly position which TransCanada has over a substantial portion of the gas leaving the province, has the Government of Alberta made any representations to the federal government relative to the desirability of having TransCanada declared a common carrier?

MR. DICKIE:

Mr. Chairman, we have had a number of discussions with the federal government on various aspects. We certainly discussed the question of a common carrier as well as tracking. One of the serious situations that we see of course, is this question of tracking and this was brought forth forcibly in the Energy Resources Conservation Board report. And we have pursued with the federal government this question of implementing the tracking provision so that if the price of natural gas were increased in the Province of Alberta, it would put TransCanada in a position where that price could be passed on in the Province of Alberta.

MR. HENDERSON:

But the government has not made any specific recommendations, one way or the other, to the federal government so far as having TransCanada Pipelines declared a common carrier?

MR. DICKIE:

Mr. Chairman, I think I would like to indicate that on both the tracking and the common carrier aspect, we have had discussions with the federal government in those areas.

MR. HENDERSON:

But have you made recommendations favouring a common carrier? To say you had discussions is one thing but I am wondering what is the nature of recommendations you have made to the federal government?

MR. DICKIE:

Mr. Chairman, I think I could say, certainly on the question of tracking, we have been very definite. On the question of the common carrier aspect which presents further and other problems, I think there are one or two thoughts that we have expressed to them. And the actual form of our recommendation -- I will have to check my notes to determine actually what our submission to them was on the question of a common carrier aspect.

MR. HENDERSON:

Would the minister be prepared to make a copy of that submission available to members of the House?

MR. DICKIE:

Mr. Chairman, I wouldn't want to indicate there was a formal submission. I would say that I would check my notes to see if I can recall what the actual wording was that we used in our discussions with the federal government on the question of a common carrier.

MR. HENDERSON:

Would you let me know?

MR. DICKIE:

Yes, Mr. Chairman. I think in checking my notes -- and I have information on that -- I will certainly make available to the hon. member the statements we used in our discussions with the federal government.

MR. DIXON:

Mr. Chairman, I would like to return to the tar sands for a few minutes. I was wondering, Mr. Minister, if you could tell me what you are doing to encourage people other than Syncrude to take a look at the tar sands? I don't like some of the headlines that are appearing in the paper. I notice that one here says, 'Alberta Will Postpone Plans on Tar Sands Policy'. I think that sort of statement hurts anybody who may have ideas of wanting to get into the tar sands development.

The Japanese are coming here in a few days to look at the tar sands. Could I ask you if that is a private mission, or is it a combination of both government and private industry looking at the tar sands? What other countries or individuals outside of Canada are looking at our tar sands as a possible investment either in cooperation with our own people or taking on a proposition by themselves? It's one of our major sources of energy within the province; it has been proven that it can be developed and it's in demand. So I'm just wondering, what are we doing as a government other than saying we're postponing it?

MR. DICKIE:

Mr. Chairman, I can say to the hon. member, that we do have a number of inquiries concerning the development of the oil sands in Alberta. We have advised them that we are presently working on an oil sands development policy. As soon as that oil sands development policy has been finalized we will make it available to all interested parties to see exactly what further course of action



they wish to pursue in the development of the oil sands. I think that relates to two areas, primarily the mining area and also the in situ type of process.

The hon. member also raises the question of the Japanese. I can report that when we were on the Alberta economic mission to Japan considerable interest was shown by the Japanese in the oil sands. We also pursued the question of conventional oil with them. They, however, seemed more interested at that time in the oil sands because of the magnitude of the reserves there. They have asked us to keep them advised as soon as we announce our oil sands development policy.

We are aware that there is a Japanese mission coming to Alberta, a Japanese petroleum mission. We will be meeting with them when they arrive on, I believe, the eighteenth or nineteenth of this month. We will be meeting with them and we will make arrangements for them to examine the Fort McMurray area to have a view of the oil sands. We will perhaps be discussing some of the aspects of the oil sands dealing with reports that had been tabled in this Legislature to determine their future interest.

MR. DIXON:

One final question on the tar sands. Have you had any inquiries from the Arabian oil-producing countries? They are anxious to invest in the United States and Canada to more or less protect themselves in the long run if their supplies run out. They are investing heavily in the eastern United States. That's the type of capital that will be needed to develop the tar sands, and I was wondering if there were any interest from the Arabian countries which are producing oil at the present time but looking for investments.

MR. DICKIE:

Mr. Chairman, I certainly enjoyed that question because the hon. members will recall my remarks in the Legislature the other day would indicate the terrific revenue, the billions of dollars the OPEC countries will be receiving from the sale of their oil, the impact that revenue will have in international trade and also the effect that it would perhaps have, if they did invest in places like the United States and Canada, in helping the harmonious relationship that should exist over the world.

I would be interested in knowing from the hon. member whether he would like to see us pursue the possibility of having the Middle East participate. I can say to him at this stage that our department has not received any representation from any countries involved in the Middle East that would be interested in investing in the oil sands in Alberta. But again, if the hon. member would show his interest in that we would be interested in knowing.

MR. DIXON:

You are asking me a question, Mr. Minister, and I would be pleased to answer. I think if Canadians are paying money, which they are going to do with the oil that will be coming into the large refineries being built in Nova Scotia and Newfoundland, I think if it is Canadian money and they say, "Well, you owe us \$10 million but you can invest that money on our behalf in Alberta," I would welcome it, because I don't think a dollar bill knows when it crosses a border at all. But it is Canadian money that is going out and if we can stop it from going out and invest it back in our own country -- even if there is some control on it by some of the oil companies outside of Canada -- I still think it is not a bad idea.

MR. DICKIE:

Mr. Chairman, I am very pleased to say then that I can take the position that the members of Her Majesty's Loyal Opposition would like the Department of Mines and Minerals to pursue the interest of the Middle East countries in investing in the Province of Alberta.

AN HON. MEMBER:

Oh, where do you get that from?

[Interjections]

MR. NOTLEY:

There are several questions I would like to put to the minister with respect to the tar sands. The first relates to when we get this policy on the

tar sands. We have had some indication that it is in the process of being made. But what are we looking at -- six months, a year or whatever the case may be? I wonder if, rather than giving you three or four points, I could perhaps have you answer this.

MR. DICKIE:

Yes, Mr. Chairman. I think that is a good question. Some of the difficult situations that are arising now in completing our oil sands development policy would be as a result of the federal government's action on the question of controls.

I think the hon. members would realize one of the serious problems Alberta may face as a result of the question of federal controls, the form they take, what really may happen will have a significant bearing on the development of our oil sands. So at this stage, not knowing exactly what the form of the controls would be by the federal government -- you will recall they have called for a public hearing on it to determine exactly what method might be followed by the federal government in implementing these controls -- could have a considerable bearing on the question of our oil sands development policy.

There is an indication now, of course, that when they do implement the controls, if they do them the same way as the natural gas where they have the 25-A-4 formula for reserves, if they come up with something like that on the question of the oil sands or the oil generally, it could have a considerable bearing.

The concerns I tried to express to the hon. members the other day were that on the preliminary report by the National Energy Board they used the question of "assured source of supply". And hon. members will recall, in reading that report, that they didn't consider the oil sands an "assured source of supply" and at the same time GCOS is now producing 60,000 barrels a day of oil. So I think those are factors which will have a significant bearing on our oil sands development policy, and to try and be specific as to a time element would be very difficult because we might not be able to fully analyze or appreciate the full implications of those controls until some time in the summer.

I think hon. members will also appreciate another area we have discussed is the question of public participation and that involves the whole question of foreign ownership. As you will appreciate here again, we have a report; a committee of the Legislature is looking into that and will be coming in with a report. The questions they may raise, the statements they may make, the statements the hon. members may make on the report could also have a bearing on the oil sands development policy.

So I think those are two important and significant steps that will have an effect on the question of our oil sands development policy. Just exactly when those questions will be resolved is difficult to say.

I can advise the hon. members the other two areas we are looking at. One is the question of environmental matters. The hon. Minister of the Environment has set the guidelines and has filed a number of reports in that area. Our department is looking at the question of royalty. I would say, Mr. Chairman, that there should be no holdup in the question of resolving the royalty to formulate our oil sands development policy.

Another question that will be looked at, of course, will be by the Minister of Municipal Affairs as to the whole development of the Fort McMurray area, so it is properly and orderly developed. I don't anticipate that as an area which may cause some delay in the presentation of our oil sands development policy.

MR. NOTLEY:

So I can take it then, Mr. Minister, that we aren't really looking at an overall tar sands development policy until the summer of 1974, at the earliest. Would that be a fair statement?

MR. DICKIE:

No, Mr. Chairman, again I wouldn't want to get committed to a specific time, but I think we would be in a position to announce certain aspects of an oil sands development policy, if not perhaps the major part of the overall oil sands development policy, before the fall sitting of the 1973 Legislature.

MR. NOTLEY:

What is the present situation with respect to the interest shown by the Shaheen interests in the tar sands at this stage?

MR. DICKIE:

Well, Mr. Chairman, I can only say there seems to be a great deal of interest outside the Legislature on that. The only information I can convey to the hon. member is that there was a request for one meeting dealing with the oil sands, and particularly the Athabasca area. We were unable to meet with them at that time and there haven't been any further developments since then concerning future meetings.

MR. NOTLEY:

A further question with respect to the tar sands royalty paid by Great Canadian Oil Sands. I take it that the remission granted Great Canadian in 1970, if my memory serves me right, is still in force; that is, where they pay approximately half the royalty paid for the first several years of their operation. Is that remission going to continue for the foreseeable future?

MR. DICKIE:

Well, Mr. Chairman, that remission came to an end on March 31, and we are now discussing with Great Canadian Oil Sands as well as, over the past six months or so, the question of the remission. A final decision hasn't been reached on that at the present time.

MR. NOTLEY:

Mr. Chairman, I just want to move quickly across the sea and over to a question that was really posed by the hon. Member for Calgary Millican when he talked about perhaps the countries of the Middle East showing interest in investing in our tar sands. However, it seems to me, Mr. Minister, that perhaps we would be better advised, rather than encouraging Middle East investment in Canada, to monitor more closely the rather skilful way the Arabs have negotiated themselves into a real bonanza.

And my question to you is, what steps is your department taking to monitor on an ongoing basis the actions of the OPEC countries? And further, have you been giving any consideration to the merit of seeking Canada's entry into the OPEC states? I'm not sure whether they would accept Canada or not, and I know that Alberta couldn't join as a province, but have you given any consideration to asking the federal government to join with the OPEC nations? Because certainly from a financial point of view, they've done pretty well.

When this Legislature spends some considerable portion of time discussing the possibility of investment from the Middle East, from 'have-not' countries ten years ago, who now suddenly have a lot of money that they can choose to invest elsewhere in the world, it seems to me that we would be well advised to find out just what they have been doing. Because they have obviously been doing a lot of things right, at least in terms of collecting a good income for their respective countries.

MR. DICKIE:

Mr. Chairman, I'm pleased to see the interest the hon. member has and I think if he will recall my statements in the Legislature on the Budget, this is really what I was trying to deal with when I dealt with the whole question of price in the international market area. I tried to trace the history of what the OPEC countries did over the last three years involving the price, the revenues to themselves, the effect on other prices of crude oil throughout the world. I also tried to review briefly, key agreements that were executed by the OPEC countries. The agreement in Tripoli starting with Libya, then in Tehran and then subsequent to that the Geneva agreements, the participation agreements -- all involved the position of the OPEC countries in the international area.

I tried to indicate, too, that what does seem to be happening in the international scene is that the OPEC countries were dealing primarily with the international oil companies.

There now seems to be a change taking place whereby the countries that are encouraging importing of oil should become concerned so that they could deal on a country-to-country basis with the OPEC countries rather than on an oil company basis with the OPEC countries.

From that point of view, I think the hon. members will realize that when Canada itself imports approximately 53 or 54 per cent of its oil, the main parts of it, coming through from Venezuela and Saudi Arabia and those countries, we do find ourselves in a position that perhaps rather than joining the OPEC countries we have to consider how Canada as a nation, and perhaps in consultation with Alberta, should form part of the other group -- the OCEE group -- that will deal with the OPEC countries to make sure that the dealings are fair and equitable to both sides and that the prices are properly handled, as well as supply. So I think those are the areas that we would look at in relation to the OPEC countries.

But I think, again, the hon. member brings to attention, in part, that we in the Province of Alberta can no longer now look to the four corners of Alberta; we have to look in the international area. And, of course, this is the area that the hon. Minister of Federal and Intergovernmental Affairs is vitally concerned about. You will notice in our Estimates that in our department we have set up a budget for an international energy expert. And the person we engage we would like to see in a position to keep us advised not only of what's happening in Ottawa, what is happening in Washington, but what is happening in the international areas of the world so that we are thoroughly familiar with every move being made, not only in Canada and the United States, but by the OPEC countries. We can then gauge our policies in that way.

I think that part of that stems from, you recall, when we first set our natural resources revenue plan, whether we go from \$50 million to \$90 million and we resolved it at \$70 million. And I think one of the key things there of which the hon. members should be aware is that we did say that that was \$70 million exclusive of price increases or production increases. And I think there is the key area. By having knowledge of what is happening in the international area, what that effect is on international prices, we can formulate our policies, keeping those kinds of things in mind so that we are adequately protected in those particular areas.

So I think, in conclusion Mr. Chairman, I can assure the hon. member that we are going to continue to keep monitoring and watching international developments in the oil area to see how it will affect Canada, how it will affect Alberta, and if there are inputs that we have to make through Canada, through the other nations, we certainly will be in a position to make them.

MR. NOTLEY:

Mr. Chairman, I agree with much of what the minister said, although I really question whether or not one international energy expert is sufficient. This is one part of the minister's budget that it seems to me we would do well to expand. Because if you consider the complexity of the international oil situation, one person is going to have to be a real magician in order to provide the input, the data, and the information that we require, it seems to me, to stay abreast of what's going on in the world.

The other observation I would make is that I suppose whether one thinks we should join OPEC or the other organization would depend on where you sit in the country. Were I an opposition member sitting across from Mr. Davis's Tory government, I could well see that we should be joining the consumer end of it. But as an opposition member sitting across from this Tory government in Alberta where we produce so much oil, it seems to me that our sympathies and our interests lie with the producers.

I respect the argument that it's going to be a trifle difficult to actually get the federal government to join OPEC, but the reason that I raise it is that I think it's a question that should at least be considered. Perhaps some representation should be made down the road.

Another question I would like to put to the minister is with respect to the present royalty we receive on petroleum. There is really little doubt that the price of crude oil is going to rise. As you mentioned in your own speech, Mr. Minister, you expect a substantial rise over the next number of years. I was talking to one of the officials of GCOS who predicted that within five years the price of petroleum will rise by approximately \$2 a barrel.

So that means there is going to be a pretty substantial windfall to the industry, just taking today's production of 500 million barrels a year or thereabouts. That means about \$1 billion extra if the price goes up by \$2 a barrel within the next five years.

The question then is, who gets this \$2 billion? Now we are locked into a five-year agreement on royalties. That leaves four years remaining on that

agreement. My question to you, Mr. Minister, is, are you giving consideration to any other form of tax which might bring some of this windfall to the Government of Alberta, or are we locked into this 21 per cent average royalty for the duration of the agreement?

I'm thinking back to your tentative position paper on petroleum royalties in which you cited alternative No. 4, which was to set a posted price and then calculate your royalty on that. The posted price would actually be above the market price, but it would be a way of raising the royalties without breaking the agreements. So, my question to you is, that as the gravy comes rolling into the industry as prices rise, are we prepared, over the next four years, to zero in and get a higher portion of that amount of money than the 21 per cent average royalty we will be collecting under the present agreement?

MR. DICKIE:

Mr. Chairman, first dealing with the interesting question that the hon. member would like our estimates increased -- and of course I welcome that, particularly from the opposition. I hope he has the support of the rest of the opposition members, and perhaps when we do increase the budget we will have support from all sides. It was a difficult amount to estimate, what we could use for the international energy expert, and we set it at \$100,000. It may be that we will have to ask the Cabinet for a special warrant for additional funds.

I would take it that if the occasion does arise I will have the support of all the members of the opposition. Because I think the hon. members in the opposition who have the foresight will realize this is an area that does require further expenditure and that the government should be continually abreast of the events taking place and not have second or third hand reports but first hand knowledge of these areas. I am encouraged to hear the hon. member express those views about increasing the budget. I hope I can use those remarks when I approach my colleagues on this side.

The next question the hon. member raised about increased revenues -- because we have said to the oil companies that the revenue and the rates we have set on is for a five-year period. It would be my view, Mr. Chairman, that as we have said, the royalty rate we have set will stay at the proposed rates for five years.

We will not deal with the question of taking our royalty in kind and placing it on a basis of a posted price, which I think the hon. member referred to in our tentative position paper. I think at that time we advanced that idea, and it was a rather unique idea, and a very interesting one. We had various arguments on both sides that made it well worth considering. That was one of the areas in which we did reach our decision in July. We had to give a great deal of consideration to it. However, having given consideration to it, having made our decision last July, Mr. Chairman, I would say that when the Order-in-Council set the regulations binding us for the period of five years, we would not be in a position to change our royalty regulations, having implemented them by Order-in-Council for five years.

I mention that because that is in complete contrast to what happened in British Columbia, where they did set their royalty regulations for a period of five years. They were due to expire in 1975, and this year, 1973, they breached those regulations by Order-in-Council. I wouldn't personally want to be part of any government on this side that would suggest changing the rules after having established them by such a method as a public hearing in which everyone was given an opportunity to be heard, express their views and the government debated the points of view.

All the arguments advanced were considered and assessed and then they reached their decision. So I think we will abide by that decision for a period of five years.

MR. DRAIN:

I'd like to go back to the tar sands for a minute. My understanding is that there is a considerable portion of the tar sands not extractable under the orthodox method presently being used and that there has been some experimentation in the nature of steam injection and some consideration given to a leaching process. You mentioned mining in your remarks. Is this a feasible thing -- to mine the tar sands? What sort of a roof structure do they have?

MR. DICKIE:

Mr. Chairman, that is a really good question because at the present time I would say that in my recollection the Research Council of Alberta has really set the overburden at 200 feet. Where it is 200 feet and under they use the mining type of operation. They hope that with a 200-foot structure they will then be able to carry on the in situ process.

Now the in situ process does require drilling and this heat testing, and of course when you get the different wells that are drilled, say, in a five-spot type of operation, the pressure that builds up has to have a sufficient overburden to withstand that type of pressure. Those are the experiments being carried on at the present time. Say they do develop a five-spot type of drilling program -- inject the steam and so forth, or other types of processes to have the heat there -- I think, whether a 200-foot overburden would be sufficient is presently an experiment being carried on toward the south of the Athabasca tar sands, particularly by one company. That is the problem they are having now, to see how deep they can go and how much overburden is sufficient to hold that kind of pressure.

But there are the two methods, the mining and the in situ process and I think the general guideline now is set by a 200-foot overburden.

MR. DRAIN:

Obviously that would be the logical way to do it because there would be no ecological damage of any significance. If it were done properly it would result in considerable recovery.

MR. DIXON:

Mr. Chairman, I would like to turn to the sulphur market. I was wondering if you could inform the House as to the market for our sulphur at the present time, and has the price -- I understand it has gone up some, the demand has gone up some? The other thing is, are you working with the Minister of Industry and Commerce regarding secondary industry and using some of the sulphur that we have in Alberta? A lot of our industries are using it now, but what are we doing to encourage more industries to use the sulphur which becomes surplus once in a while when world demand slows down.

MR. DICKIE:

Mr. Chairman, one of the first really difficult problems that we had to resolve when we took over the administration was to become involved in the sulphur question. I would say that one of these days the sulphur story will be told and it will involve the question of the relationship between the federal government, the different wings of the federal government, involving the Combines Investigation Act. It will also involve the question of markets, how they are handled, and the question of whether there should be a marketing act in the Province of Alberta or in the federal government or how it should be handled.

At the present time the status is: there are discussions going on between the Province of Alberta and the federal government on sulphur. These discussions will be carried on by myself as well as the Minister of Industry and Commerce. We are discussing a number of ways of marketing sulphur, whether it would be better through a marketing board or which would be the best method to follow. However, I think recently the feeling has been generally expressed that with the increased price going up to \$9 in sulphur, the industry itself would like to be in a position where there are no government restrictions either at the federal level or the provincial level restricting them in the marketing. They are optimistic about the future market of sulphur, that proper steps can be taken. The question now may be the holdup of the slating process that has to take place for the actual transportation of the sulphur. So that is one area that industry itself is exploring.

I am pleased to say that on the question of the utilization of sulphur you will recall there was an extensive report by Dr. Vroom dealing with the greater uses of sulphur. At the present time we are working on and finalizing a program that will be an industry, a federal government and provincial government supported program and one which will put into research approximately \$1 million a year for the next three years on the question of utilizing sulphur, particularly on highways -- foam blocks and other areas of that nature. The results so far have been most encouraging particularly in highways and of course, Shell Oil initially had done considerable research on that and with the additional funds being made available at the federal and provincial government

level, as well as industry, through this joint program called SUDIC it should produce some beneficial results and more ways to utilize sulphur.

So I think that I can say optimistically, that steps on the utilization of sulphur are progressing in a satisfactory direction, that the question of the marketing of sulphur at the other end is still being carried on by industry. And perhaps industry will be just as happy if the federal or provincial government doesn't become involved.

MR. STROM:

I would like to come back to the consolidated gas contracts in Alberta. Could the minister advise as to what happened to it? Were they able to market the produce they had contracted?

MR. DICKIE:

On the consolidated contracts the hon. member refers to, there were arrangements made with TransCanada Pipelines in respect to those contracts after a refusal by the National Energy Board to permit them to export gas. We will be making comments on that, perhaps in the next day or two dealing with further comments on the government's position.

MR. STROM:

Mr. Chairman, I am not just clear. Will it be a position paper relating to that particular problem or just a general statement that may include some reference to this particular problem?

MR. DICKIE:

Well, we are just in the process of examining those right now, Mr. Chairman, and I would refrain from any comments until we have completed that review and examination.

MR. STROM:

Mr. Chairman, if I just might ask a last supplementary question in regard to it. Can I phrase it this way? Is the government now trying to clear up the matter of competition in the marketing of natural gas? Does it relate to that?

My reason for raising it, Mr. Chairman, if I may just add this extra comment, is that in my view, since the decision of the National Energy Board relating to the consolidated application, we have not had true competition in the sale of gas, as far as Alberta gas is concerned.

MR. DICKIE:

Well, Mr. Chairman, I think the point raised by the hon. member is a good one dealing with the competition in the price of natural gas, and of course, if you go back to the Energy Resources Conservation Report, this is one of the submissions made to the board, that what we really have is TransCanada having a monopoly position on the question of purchasing gas, and the effect of having a monopoly position.

The government is aware of that -- the government is also concerned with that as one aspect of it -- when we are dealing with how we get a better price and a fair value for natural gas. And I think those questions are all related to the government's approach on the problem.

MR. TAYLOR:

Mr. Chairman, I would like to make one or two comments in connection with domestic coal. The domestic coal field in Alberta is having a great struggle to stay alive. The markets are very insecure and based on that there are just three points I would like to raise.

Number one, I was certainly glad to hear the other day that the hon. minister and the Premier and the government are endeavouring to secure a slice of the Ontario market. Even a small slice of that will do wonders for the domestic coal field as far as Alberta is concerned.

Secondly, I would like to impress upon the hon. minister, if it is necessary, that the domestic coal field just can't stand any increased costs at this time without going under. At the present time the one coal line that is operating in the East Coulee field in east Drumheller, is providing a reasonable

livelihood for 65 families. But it is nip and tuck and any increase in cost, whether in royalties or compensation assessments, is going to mean the industry may well fold-up. As I pointed out last year, there are benefits to the province in investing in coal fields other than royalties. I would express the hope that at this time the government is not considering any increase in royalties, particularly on domestic coal.

The accident record of this one mine is excellent and we are endeavouring to persuade the compensation board to put this mine in a group of its own rather than put them in with the steam coal where the accident record is not nearly so good. This field just can't stand any increase in assessments on compensation or on royalties; otherwise the industry is simply going to fold up.

So I would appreciate word from the minister in connection with the matter of royalties. I know assessments of compensation don't come under his purview. And also if we can expect a slice of the Ontario market.

Before sitting down -- last year we spoke about the possibility of trying to extend the coal market for domestic coal south into the United States. It seems to me there is a reasonably good market down there if we can get a slice of that as well. Our proper market, if the transportation problem can be solved, however, is Ontario.

MR. DICKIE:

Mr. Chairman, I would like to say this. Over the last six months or so the Minister of Industry and Commerce and myself have discussed this question of coal -- marketing and transportation rates -- at great length. Of course, the industry itself has had its problems with the McIntyre Porcupine Mine, Canmore, Coleman and Century Coal. We recognize these and we have been having discussions with industry as well as the federal government to see what steps can be taken to rectify the situation.

I would say, Mr. Chairman, that over the last two or three weeks there has been cause, for the first time, to be optimistic. We are now looking at areas and on how we can be optimistic and I think this involves the technique of mining. At the present time there are indications that the hydraulic method which was developed by Kaiser in British Columbia could be utilized in Alberta and developed further and increased more. I think the hon. Member for Pincher Creek has brought to our attention that one of the key things is production. How do you get more production? This technique at the present time would indicate that perhaps the production can be increased from 10 tons per man to 50 tons per man. In other words, the technique will improve the mining operation to such an extent that they would be getting five times the production.

I think those kind of figures are most gratifying from the point of view of the fact that practically 85 per cent of our coal is underground and would have to be mined underground and we could then not face the same environmental problems as we would with strip mining. There has been, of course, a tendency now to look toward strip mining because of its cost aspect.

However, the environmental concerns are of a fair amount of consideration there, so if the technique can be developed to increase the production for underground mining, that would be a great step taken forward in the coal industry in Alberta. In other words, we might be at a position where we find ourselves at a low, and on the way up now.

Now I think this would involve -- again, the next steps that might be taken would be industry, the federal government and the provincial government working jointly on a project that would really assess these techniques and see if the techniques can be developed and improved upon to get increased production with less cost for underground mining.

I think those kinds of situations are worthy of further consideration. Because when you look at the question of the shortage of gas and oil and the great moves they are taking in the United States now, putting up something like \$60 million to see what synthetic fuels can be converted from coal, I think you can realize the great steps and the future for Alberta if we could cut down our production cost, get greater production and then come up with a coal gasification program that would be developed. We could have an exciting future for the industry.

In those particular areas a great deal of work has taken place. When Premier Davis was out with Darcy McKeough we had further meetings with Darcy McKeough on the question of the quality of Alberta coal.



We have now received reports from most of the coal-producing companies in Alberta giving us a breakdown of the quality of their coal. We have submitted them to Darcy McKeough for the Province of Ontario. They are looking at it from two aspects, from Ontario Hydro as well as the steel companies down there, to see if that coal can be utilized in such a way. We are now in the process of trying to arrange for a team of experts familiar with the quality of Alberta coal to meet with Ontario to compare the quality and to see how that is being developed.

So I think that is an encouraging sign. And I think it is interesting to note that a company such as Canmore, that wasn't in a position a few years ago to compete in the Ontario market, does feel now that it can compete and that it does have a quality of coal that can meet the standards required in Ontario. Because we are most disturbed when Ontario comes to see us and talks about the natural gas situation. At the same time they have bought a mine and have an interest in a mine in Pennsylvania.

So we are working those areas with Ontario to see if we can satisfy them on the question of the quality of coal. The hon. Member for Drumheller was good enough to arrange for a report to be submitted to me with respect to Century Coal and I have submitted that report to them. I haven't received a reply back.

Those are the areas we are exploring with Ontario. At the same time the Premiers, at the economic meeting in Winnipeg, discussed the question of transportation and, of course, one of the prime points of discussion on transportation is involved in this transportation of coal. That not only involves coal going to Japan but also coal to eastern Canada and coal within Alberta.

The Minister of Industry and Commerce has extensive figures and calculations of what we would actually need by way of a rate to make our coal competitive. That area is being explored in great detail.

The other aspect the hon. member raises is the question of royalty. Keeping in mind that we have requested the Energy and Resources Conservation Board for a rather exhaustive study on the whole coal picture, it would seem at this time that when we get that report we will be in a better position to assess what further steps we would take on a coal royalty.

We have a committee of Cabinet that is looking at the question of coal royalty, not perhaps so much from the point of view of whether it is increased, but whether the method and arrangement for calculation of that at 10 cents a ton is the proper way to look at some of those questions -- whether it should vary according to the income of the company or whether it should be dependent on the quality of the coal, and those areas. That committee has a number one priority, the question of changing that at the present time. I can certainly assure the hon. members there will be no move made prior to receiving this exhaustive report by the Energy Resources Conservation Board on the whole question of the coal industry in Alberta.

I might advise the hon. members, because I am sure they would be interested in knowing, that the Energy Resources Conservation Board in conducting this coal study will be holding public hearings to determine the information they need to properly complete their report. I think that is most encouraging, Mr. Chairman, because if you realize that when they had the field price hearing on natural gas, this is exactly what happened. They had a public hearing and representations were made by industry. You will particularly recall an expensive report was prepared by Stanford Research dealing with the question of the price of natural gas. It showed that natural gas was underpriced in Alberta by 10 to 20 cents. Well that is what comes out of a type of public hearing of this nature.

We visualize that when the Energy Resources Conservation Board has this kind of public hearing and a report on it after, that we will have had a really excellent study into the whole coal industry in Alberta, determining its markets, determining the techniques involved, and determining the future.

So I would say to the hon. members that before any further steps are taken on the question of royalty we should await that report from the Energy Resources Conservation Board. It would be my hope that the report would be in the same category and as well received as the report we received on the field price hearing on natural gas.

MR. TAYLOR:

Thank you, Mr. Minister. Mr. Chairman, there are just one or two comments I would like to make.

Number one, I think we have to differentiate when we are talking about domestic coal and steam coal. So many people in Alberta simply use the word 'coal' and they think that covers everything. It does in a way, but there is a distinct difference between domestic coal and steam coal. I would certainly want to recommend to the hon. minister that some consideration be given after he gets that report, if it's not recommended by the people who are carrying out the study on royalties, that some thought be given to a flexible royalty. Royalty on steam coal being shipped out of the country to Japan is one thing, and may well be much higher than that on a domestic coal that is being used to supply local market.

And the production there is also a very vital factor. The more production the better. Production in my view isn't a problem in the domestic coal fields; certainly at this time it isn't. The big problem is the market. We can't sell the coal we're able to produce.

The techniques that have been developed in undermine domestic coal fields over the years has reached close to -- I wouldn't say perfection -- but to a high degree of perfection in having all people in that mine work together. That's one reason why Century Coal has such an excellent accident record. Because of that very item.

Just one other comment I'd like to make: when the group of people from industry is chosen, I'm sure the hon. minister will make sure there is somebody on that from the domestic coal field as well as from the steam coal field.

MR. DICKIE:

Mr. Chairman, I appreciate the hon. member drawing that to my attention and I'm glad that we have that information. We'll certainly watch that with interest.

MR. DIXON:

Mr. Chairman, there is one point that the minister just touched on but he didn't enlarge on it. Right here in our own province we have certain industries using gas -- let's take the case of generating power in the City of Edmonton where they are using gas -- I was wondering if there have been any studies made or any encouragement to the City of Edmonton to use coal burning generators instead of gas fire.

I think if we're going to mention, as the Premier did in his talk in Calgary about wanting Hydro in Ontario to use gas, we should set a good example ourselves if it is practical. And if we can get along without the Minister of the Environment closing it down, maybe we should use coal instead of gas, because gas is a very mobile fuel and can be used. Therefore, I think where we can use bulk coal in place of gas, this is what we should be looking at.

And before I sit down too, Mr. Minister, I wonder if you could bring us up to date on any of the experiments that are being carried out with such companies as Shell Oil and CP, and Shell Pac as far as 'pipelining' coal and other materials through pipelines. Have you any recent figures on that?

MR. DICKIE:

Mr. Chairman, dealing with the first point that the hon. member raised --

What was that again on that?

MR. DIXON:

Coal use instead of gas.

MR. DICKIE:

Oh yes. The hon. member raises the question concerning the use of coal as compared with gas. I think I'd like to advise the hon. member that the Energy Resources Conservation Board conducted a hearing dealing with the energy requirements of Alberta in September of 1972. We anticipate that report will deal with the question of how we should use coal as compared with natural gas.

I think that after we have the report, Mr. Chairman, we will be in a position to consider intelligently what future steps and what policy decisions will be made in respect to coal and gas.

We are anticipating that report within the next month or two so after we have that report, I think the debate between coal versus gas will be highlighted and then we will have a policy decision following that debate.

MR. DIXON:

And what about the other, Mr. Minister, about Shell Pac?

MR. DICKIE:

Mr. Chairman, the second question that the hon. member raises deals with slurry lines, pipelines transporting coal by pipeline. We have met with Shell Pac, and have discussed the question of transporting not only coal, but also sulphur. It does appear at the present time that the economics still are not in a position where that can be achieved. There is no question -- they indicate to us from a technical point of view that it can be carried out, but it's the question of economics.

We are also exploring another area that might assist us inasmuch as there might be pipeline capacity available from some of the pipelines carrying oil and gas by virtue of the phasing-in required and the mixing of the types of oil. Some time when the pipelines are not operating, we might be able to conduct experimental tests to see exactly how the coal could go. Although there is a great deal of technical information on it, that hasn't been finalized and we'd like to experiment with an actual line to determine if the techniques shown on paper could be carried out. We are encouraging this as much as possible and are trying to arrange it now, so that this kind of experimental test could be carried out to see if it could be a major break-through in the transportation of both sulphur and coal.

MR. WYSE:

Mr. Chairman, just a question regarding the Suffield Block. What progress is the provincial government making with the federal government or Ottawa regarding returning surface rights to the province?

MR. DICKIE:

Mr. Chairman, my colleague, the Minister of Federal and Intergovernmental Affairs would be in a better position to answer that because he has been dealing with Ottawa in respect to the surface.

MR. GETTY:

Mr. Chairman, the government has obtained the approval of the federal government to proceed with the drilling required to evaluate the reserves and to protect the Suffield acreage from drainage.

We have not proceeded, as I think has been pointed in the House before, with a return of the total Suffield acreage to the province. We have left that one further step away, although we have discussed the possibility of doing that with the federal government. They are assessing the needs they have for the property, the needs of the British government, and the contract which they have signed with the British government.

But we did not want to jeopardize the initial progress we hope to make in relation to doing the necessary drilling to prevent drainage and evaluate the reserves by getting into the bigger problem of when the total surface of the Suffield Block might be returned to the province.

MR. WYSE:

So you are confident that the drilling can take place this summer?

MR. GETTY:

Yes, Mr. Chairman.

MR. DICKIE:

Mr. Chairman, I might also add that...[Inaudible]...just now with the setting up of a request for a proposal and a team that would supervise it, we

hope to get the terms of reference out of a request for a proposal, in order that it could be submitted to industry so the 77 evaluation wells recommended in the report could be proceeded with as quickly as possible.

MR. BUCKWELL:

Mr. Chairman, a question to the minister. He mentioned (it was in committee) that when the federal government took over the Suffield Block, the CPR sold their mineral rights to the federal government. I understood that the Hudson's Bay still owns some mineral rights and the CPR had mineral rights, I think Mr. Somerville told us, that were sold to the federal government. To what extent does the federal government own the amount of mineral rights in this block?

MR. DICKIE:

Mr. Chairman, as I recall the figures in the report would indicate that the province would have the right to approximately 95 per cent of the mineral rights.

MR. CHAIRMAN:

No further questions?

MR. DRAIN:

No, I'm going to make an observation and that is simply this. The selling price of gas is going to be predetermined by the cost of gasification of coal. This is going to set the ceiling on it. I think there have been some studies made which predetermine a price of approximately \$1.25 per thousand feet for gasification for coal. Having regard for national economics then, you could then reduce this by a figure of about 25 per cent, which would be the maximum price in my projection that you could possibly sell your Alberta gas for. You can have that thought, for whatever value you want to put on it.

MR. DICKIE:

Mr. Chairman, we welcome those observations and we'll watch with interest as the price of natural gas increases to see how high it has to increase before coal gasification reaches the economic point of return.

MR. NOTLEY:

There is a question I'd like to raise with respect to page 3 of the Natural Resource Revenue Plan released last summer. It relates to the point that you received advice that the increased royalties or the rights to crude oil are going to be tax deductible by the oil companies. My question to you is, do you have any assessment now as to how much of this \$70 million the industry will in fact be able to write off their federal corporation taxes?

MR. DICKIE:

Mr. Chairman, I'm not in a position really to answer that question, because I think the situation at the present time is that we are not sure whether the oil companies will elect to go on to the new royalty schedule or remain under The Mineral Taxation Act. I think it is clear that if they elect to go under the new royalty schedule there is no question that that would be a deduction they could make, as they have in the past. I am not aware of any further information we may have had from the federal government on what position they would take on a tax paid under The Mineral Taxation Act.

MR. NOTLEY:

My finding from reading your statement of last summer is that you had already received advice that this, in fact, would be tax deductible under The Mineral Taxation Act.

MR. DICKIE:

Mr. Chairman, I think that's right. We had received advice, but we haven't received confirmation from the federal government that they will accept that position. I think that's the difference I was trying to bring to the hon. member's attention.

MR. KOZIAK:

Mr. Chairman, on that, I think perhaps to put the matter in its proper light, we shouldn't lose sight of the fact that it isn't a deduction as against corporate taxes. It is an expense, a cost of doing business in the same sense that wages are a cost of doing business, that any acquiring of, perhaps, inventory is a cost of doing business. So the increase, whether it be in royalty or whether it be in the tax, will be a cost of doing business which will reduce the income of the corporation and thereby decrease the taxes that that corporation will pay. I think it is incorrect to say that these expenses would be deductible as against corporate tax.

MR. NOTLEY:

Mr. Chairman, that's the information I wanted to get, whether in fact the net would be to the industry -- whether you have any estimate from the industry as to how much they will be able to save of this \$70 million against their federal corporation taxes -- whether it will be \$30 million, \$40 million, \$20 million or whatever the case would be.

MR. DICKIE:

Well, no we haven't received any information from industry in respect to that, Mr. Chairman.

MR. NOTLEY:

The final question I'd like to put to the minister relates to the energy corridor concept we heard so much about last year. We aren't hearing quite as much about it this year. I'm wondering if the government is changing its view on the merit of Alberta becoming the energy corridor of North America? Or do you have some second thoughts about the prudence of rapid development of the Arctic oil fields and natural gas in northern Canada? Or do you feel this is going to provide some competition? You answered before that it might increase the price, but it's also going to provide an extra supply of natural gas and could conceivably undercut our bargaining position. I wonder if the minister could bring us up to date on the energy corridor concept we heard so much about a year ago.

MR. DICKIE:

Yes, Mr. Chairman. I'm pleased to say that I don't think the government is changing its position at all, but the actual position itself is changing such a great deal by virtue of the companies that are involved in it.

At one time there was Gas Arctic. And then there was the amalgamation that took place, or the merger that took place, where now Alberta Gas Trunkline is one of the consortium of 25 that are looking at this. That's tied in with the gas line itself and the question of how it will progress; and the application before the federal government and what time it will take place. Tied in with that, of course, is the question of the possibility of an oil line that would form the corridor along with the highway.

We are watching with interest all those developments that are taking place, particularly in the United States; the action they are taking and President Nixon is taking. I think, at this stage, those are actions that will involve the companies themselves and the meetings that are taking place -- we are meeting with representatives of companies from various groups to keep well acquainted with what is happening and what steps are being taken. But again, the initiative is coming from the companies themselves and they have to gauge that.

We have had discussions with the federal government in respect to the environmental problems and the studies they have conducted on the environmental aspects and we are keeping abreast and aware of those.

I think at this stage all we can do, really, is watch what is happening with respect to the pipelines as they are developed by the companies and then see when they do make application before the National Energy Board, the effect of those applications and what steps are being taken.

In the meantime we are, ourselves, assessing the implications of what it would mean to Alberta, by way of benefit or otherwise, if the pipelines go through Alberta. We have information now that would indicate that the gas line is relatively settled, north of the 60th. How it will go through Alberta, we are watching with interest -- the development that takes place as a result of

its movement south of the 60th, whether it will move through the northern part of Alberta or follow roughly a corridor that Alberta Gas Trunkline has followed and then spread off and the gas may go 20 per cent to the western United States and 80 per cent to the east, or how that will work. Those are areas we are watching at the present time and seeing how the companies themselves are coming up with their economic studies. I think at this stage we can assure the hon. members we are watching what the effect will be by the companies, what steps the United States will take, what will be the implications to Alberta of a possible oil or gas line or a highway through the province, developing the energy concept.

MR. CHAIRMAN:

The question has been called. The resolution before us is, moved by the Subcommittee chairman B, seconded by the hon. Minister of Mines and Minerals, resolved that a sum not exceeding \$2,646,400 be granted to Her Majesty for the fiscal year ending March 31, 1974 for the Department of Mines and Minerals.

[The motion was carried.]

MR. DICKIE:

Mr. Chairman, I move that the resolution be reported.

[The motion was carried.]

Department of Telephones and Utilities

MR. HARLE:

Mr. Chairman, Subcommittee C has had under consideration Vote 32, the Estimates of Expenditure for the Department of Telephones and Utilities and begs to report the same. I therefore submit the following resolution. I move, seconded by the Minister of Telephones and Utilities, resolved that a sum not exceeding \$1,569,485 be granted to Her Majesty for the fiscal year ending March 31, 1974 for the Department of Telephones and Utilities.

MR. CHAIRMAN:

Moved by the Chairman of Subcommittee C and seconded by the Minister of Telephones and Utilities resolved that a sum not exceeding \$1,569,485 be granted to Her Majesty for the fiscal year ending March 31, 1974 for the Department of Telephones and Utilities.

MR. HENDERSON:

Mr. Chairman, just a matter of clarification relative to an answer that the Deputy Premier gave to an oral question today and I think it is in keeping with a question I put to the minister himself somewhat earlier. It is regarding the opportunity being afforded to the House to discuss, if it seems in the public interest to do so, the new policy which is to be enunciated on rural gas as well as, I think, changes forthcoming or anticipated in telephone policy as far as long distance dialing is concerned. I think the Deputy Premier, and I know the minister privately has indicated to me there would be an opportunity to discuss those. Do I conclude from the remarks of the Deputy Premier today that the government is prepared to put a motion on the Order Paper when those policies come in that would provide a vehicle for debate at that time?

DR. HORNER:

Mr. Chairman, as I said in the question period today, I think there will be ample opportunity to discuss the plan. Whether or not the means is achieved through a motion on the Order Paper or otherwise, I am not prepared to say at the moment. But you know, there are other ways to do it as well.

MR. HENDERSON:

I am wondering, Mr. Chairman, with a view to expediting the business of the House possibly later on, if the Deputy Premier could elaborate on what he means by the word "otherwise".

DR. HORNER:

Well, Mr. Chairman, there are a variety of ways in which matters can be raised in the Legislature for discussion. They can be done by a motion by the

government; they can be done by a motion by an individual MLA; they can be done by the introduction of legislation. They can be done in a number of different ways. All I am saying is that I can't give the hon. Leader of the Opposition the exact way in which it will be done.

MR. HENDERSON:

Well, Mr. Chairman, I think my concern is that the government make a commitment to the House that would see that the opportunity is afforded to the House. The suggested vehicle, for example, of a private member's motion of course, is somewhat irrelevant when you look at the length of the Order Paper. And the only way that the House can receive any assurance of an opportunity to discuss it is by virtue of a motion on the part of the government or the introduction of legislation.

Quite frankly, this is one of the problems, I think, of this session of the Legislature. The government has made a number of commitments about policy statements to be forthcoming. They were enunciated in the Throne Speech and they aren't appearing.

I respectfully suggest, Mr. Chairman, the statements on the part of the Deputy Premier that there will be an opportunity simply aren't going to be adequate -- because if they aren't, well I guess we will have to try to extract, by whatever means are available to us at this moment, some idea of what the policy is to be. Because surely the House is entitled to an opportunity to discuss the matter. I wouldn't want to leave the matter with the conclusion, possibly erroneously on my part, that the Deputy Premier is not going to assure us that there is going to be an opportunity to adequately discuss the matter through the vehicle of formal debate later on in the session. And so I think we would like something a little bit more definitive on what the Deputy Premier has so graciously offered thus far.

DR. HORNER:

Well, Mr. Chairman, all I can do is repeat what I said during question period, that there will be an opportunity for discussion of the plan. The plan hasn't got Executive Council approval as yet and it therefore cannot be announced that there will be discussion, but to tie the Leader of the Opposition a little further on that, he wanted to tie it down to a formal motion of some kind. I am simply saying that there are a number of ways in which things can be brought forward for discussion.

MR. HENDERSON:

Mr. Chairman, I think we want to make it clear that the onus should be left with the government. The commitment we want out of the government is that it will give a general commitment to the House to see that there is an adequate opportunity to effectively discuss the policy in the Assembly. That is all we want from the minister.

DR. HORNER:

Well, Mr. Chairman, I have already said that.

MR. NOTLEY:

I would like to add that I hope when we are talking about an opportunity to discuss it, we are agreed upon the fact that it is the spring session, not the fall session.

DR. HORNER:

Well, at the earliest possible opportunity, Mr. Chairman, having regard to the general business of the House and the route in which it is thought best to bring it forward. And as I have said, no decision has been made with regard to whether or not it requires legislation. That will depend upon the final approval of the plan.

MR. HENDERSON:

Mr. Chairman, I believe there was some commitment, and I am subject to correction on this because I wasn't in the subcommittee. But I understand that the question came up in the subcommittee and the indication at that time was that it wasn't finalized yet, but in ten days or so, or two weeks, it would be available and would be before the House. I think that period of time has elapsed and I am quite frankly somewhat concerned that the Deputy Premier is now

being so evasive about the matter. Surely to goodness if they have a policy, he can give us the assurance that the government will put a motion on the Order Paper once the policy is announced so we can debate it in the House.

Now obviously, if they don't get the policy enunciated until the session is over, this discussion is academic. But we would like to know before we dispose of these estimates exactly what the government's intention is so far as affording an opportunity to effectively discuss the matter in the House, without playing a cat-and-mouse game with the rules of the House and the various options and so on that might be available to us.

DR. HORNER:

Mr. Chairman, I feel rather hurt that the Leader of the Opposition would suggest that I'm trying to be devious or anything like that. I said to him very clearly that an opportunity will be afforded. But I have also said that whether or not it will be, as he suggested, a formal motion may be academic also, because if there is legislation required then it is not required.

MR. RUSTE:

Further to what the hon. leader mentioned, on March 16 Mr. Taylor asked the Minister of Telephones and Utilities a question and Mr. Farran answered at that time, "I should be in a position to make a statement in the House within three weeks." That three-week period ended last Friday so this is why we are concerned and certainly we would like to have some statement -- not only a statement but the ability to discuss that.

DR. HORNER:

The hon. gentleman for Wainwright should appreciate, Mr. Chairman, what I said to the leader and to the Member for Spirit River-Fairview earlier that there will be an opportunity to discuss it.

Because of the unfortunate death of the previous Minister of Telephones and Utilities there has been some delay. But I think, in fairness to the new minister, that with the assurance I have given I can't understand the Leader of the Opposition not accepting my suggestion.

MR. HENDERSON:

Mr. Chairman, I certainly didn't want to hurt the feelings of the Deputy Premier. That really would be one thing I would never want to do in this House. I might ruffle his feathers once in a while but not really hurt his feelings.

I suggest that maybe the Deputy Premier is being a little bit too defensive because, one never knows, we might just want the government to have the opportunity to pat him on the back when the policy comes in. So I would like to suggest that he not take quite as defensive a posture on the matter as he is assuming at the present time. And we will assume that he is a gentleman of his word, I guess, at this point in time.

DR. HORNER:

Mr. Chairman, I might say that I am not being defensive. I'm trying to be reasonable with the hon. gentlemen and allow them a full opportunity to pat us on the back at any given time.

MR. WILSON:

Mr. Chairman, I would like to ask the hon. Minister of Telephones and Utilities if he would like to answer some questions today regarding the AGT new supplies building here in Edmonton. If he has information on that topic with him and if he would answer that, then I would know what to do next.

MR. FARRAN:

Mr. Chairman, I am prepared to answer any questions in general on AGT. So far as the specifics are concerned they are contained in the report tabled in the House last week.

This is a Crown corporation. There is no part of the Estimates which actually directly concerns AGT apart from my own office. But I am prepared, to the best of my ability, to answer general questions on AGT.



MR. WILSON:

Mr. Chairman, could the minister tell us on what date proposals were initially requested for the build-lease arrangements on the new AGT supplies building in Edmonton?

MR. FARRAN:

I haven't got the exact dates in front of me, but I believe you are talking about the proposals that were called for for leasing a building in west Edmonton.

AGT decided, because of the desirability of keeping as flexible a program as possible and the uncertainty of the city growth in the area, to go for leasing rather than building. It called for requests for proposals for a building and no contract has yet been awarded.

MR. WILSON:

Mr. Chairman, to the hon. minister. Could you tell us how many proposals you received?

MR. FARRAN:

To the best of my recollection there were some six or seven proposals.

MR. WILSON:

Mr. Chairman, could the minister tell us if a decision has been made as to who the successful proponent is?

MR. FARRAN:

No contract has been awarded. The board has recommended one particular proposal but the contract has not yet been consummated.

MR. WILSON:

Were the proposals advertised in the newspaper?

MR. FARRAN:

This I'm not sure of, but I would imagine that since six or seven proposals were received it was widely advertised among people in the trade.

MR. WILSON:

I was just wondering if it was done by invitation only or if it was done by public advertising. I don't believe you mentioned the date when the initial request for proposals went out. You said you thought you could give an approximate date but I don't believe you mentioned a date.

MR. FARRAN:

No, I didn't.

MR. WILSON:

You don't have an approximate date.

MR. FARRAN:

I don't have it in front of me. I can find out very quickly.

MR. WILSON:

Could you advise why applicants Mr. Minister, were requested to resubmit after their initial submissions of proposals?

MR. FARRAN:

Well, Mr. Chairman, one of the advantages from a business point of view of the 'request for proposal' technique is that it allows the opportunity to negotiate. The considerations were the exact location which AGT thought was the most desirable, as well as other considerations like rent and design of the building.

MR. WILSON:

Were all applicants invited to resubmit the second time around?

MR. FARRAN:

I would imagine not. I haven't got the details, as I tell you, in front of me but I would imagine that those who were asking an excessive rent were probably eliminated on the first go around. This is the way businessmen usually do it.

MR. WILSON:

Mr. Minister, would you check into the method of the proposal call, how it was initiated originally, and if it was advertised could you give us your undertaking to table a copy of the initial proposal call and a copy of the ad?

MR. FARRAN:

Mr. Chairman, the hon. member asked me for this information and I did give it to him direct a week or so ago.

MR. WILSON:

Well, Mr. Chairman, I have the minister's note he sent to me and there is no copy of the initial proposal call attached. There were no attachments whatsoever. There was no mention as to whether it was advertised or not. So I don't have the information which I am asking for now. I am asking you if you would give us your undertaking to supply it?

MR. FARRAN:

Yes, I will. If you had asked me for more information in the first place I would have supplied it.

MR. DIXON:

Mr. Chairman, I would like to ask the minister a question on a similar matter. Phillips Cables Company is planning to build in the City of Edmonton. I was wondering if they were in touch with you, as a minister, prior to making their decision to build in Edmonton?

MR. FARRAN:

In touch with me as a minister prior to the announcement by His Worship Mayor Dent. I would imagine they made their plans long before the time I became a minister.

MR. DIXON:

Well, the reason I asked the question, Mr. Minister -- and this is a concern -- they say that Edmonton has the fastest growing telephone system in Canada and is going to show the largest growth. I am just wondering, from their statement if they have some inside information that Edmonton Telephones is going to take over AGT?

MR. FARRAN:

Well, I presume the hon. member is making a facetious remark.

MR. DIXON:

No.

MR. FARRAN:

Phillips Cable already has one of the largest plants in Canada in the Pincher Creek area. One of its biggest consumers, of course, over the years has been AGT because of our huge buried cable program which is almost complete. I expect it to be complete this year. Having built one huge plant in the rural areas, they wanted one in a city where there was major growth potential and certainly their second largest customer in Alberta must be Edmonton Telephones.

MR. DIXON:

Well, Mr. Minister, this is why I was wondering if you didn't give them some encouragement to move outside the City of Edmonton to some of these rural areas. Why couldn't the plant be in Camrose just as well, say, as in Edmonton. Then it could serve both AGT and Edmonton Telephones. I just wondered if you had made any representation. It was quoted in the press, and the president of the company himself made the announcement that he felt Edmonton was the growing telephone system so far as Alberta was concerned. This is why I asked you the question. It is not facetious.

MR. FARRAN:

Well, there is no doubt that if we had had our 'druthers' we would have preferred, perhaps, a plant in a rural area. But you must recognize that they already have one in a rural area, one of the largest, even larger than the one in Vancouver, is in the area represented by the hon. Member for Pincher Creek, the hon. Mr. Drain. It is their choice in a free enterprise world where they settle. I don't believe the government's policy is to prohibit or dissuade completely industrialists from expanding in the two major cities. And I think the accent is on encouraging, wherever possible, greater growth in the rural areas. But not to the exclusion of the cities.

MR. DIXON:

Mr. Minister, through the Chair. I was wondering what preference have we for Alberta manufactured goods when they are bidding in competition, say, to goods from Eastern Canada? In particular I'm thinking now of wire products which are very competitive and telephone equipment, and in particular now with the Japanese. Suppose that Phillips Cable came within \$100,000 of a \$2 million contract. Would we still give it to the lowest bidder regardless?

MR. FARRAN:

Well, Mr. Chairman, that is an interesting subject which we have under review at the present time.

Certainly, one would say as a free enterprise proponent that one abhorred all tariffs and preferences. Sometimes they are forced upon you by the action of your competitors. It would be sad, however, if all secondary manufacturers in Alberta were limited to the Alberta market and didn't have the opportunity of export because of preferential tariffs.

However, there are continued reports that such preferential tariffs are given to suppliers in other provinces, and perhaps we have to consider in self defence the possibility of a one per cent or two per cent tariff preference. No decision has been made and I have it under review at the present time.

MR. FRENCH:

Mr. Chairman, to the minister. If the minister is prepared to answer some general questions on AGT, could the minister advise the program for extended area service?

MR. FARRAN:

I hope to be able to make an announcement to the House shortly, Mr. Chairman.

MR. FRENCH:

Mr. Chairman, what would the minister's interpretation of "shortly" be?

MR. FARRAN:

Well in short order. Within a week or so.

DR. BUCK:

Mr. Chairman --

MR. CHAIRMAN:

Mr. French, are you not finished?

MR. FRENCH:

May I have the assurance of the hon. minister that when the announcement is made there will be an opportunity to discuss extended area service.

MR. FARRAN:

I think the hon. Deputy Premier has already said that there will be an opportunity to discuss both this program and the rural gas program later in the session.

DR. BUCK:

Mr. Chairman, my question to the minister is on Section 3206 and I'm not in the subcommittee, so I would just like to know if the minister can advise the members just what form this rebate will take. Will it be the same as with Calgary Power when they got their rebate on the income tax thing that it was taken off our bill? Are we going to get a cheque which says, you know what it infers, but will it be in the form of a cheque to each individual gas user, or will it be off your gas bill?

MR. FARRAN:

Can I suggest, Mr. Chairman, that the hon. member put away his fishing rod and wait with patience for the announcement.

DR. BUCK:

Well, no, I don't think I want to wait that long because it's very simple. Will it just come as a rebate on our gas bill or will it be a cheque? It's that simple.

MR. FARRAN:

...[Inaudible]...in kind or it could be in cash and I suggest you just wait until the program is unveiled.

DR. BUCK:

Because if I have to do any fishing, Mr. Chairman, knowing how politically attuned that machine is over there I can give you one hundred to one odds it's going to be a cheque.

MR. STROM:

Mr. Chairman, I wonder if the hon. minister can tell us whether or not toll rates are being negotiated between Edmonton Telephones and AGT? Sharing of toll rates?

MR. FARRAN:

No, they are not at the present time.

MR. STROM:

Mr. Chairman, a supplementary question to the hon. minister. Have there been any discussions with the City of Edmonton since Edmonton was reported to have stated that they were going into a long distance toll exchange of their own?

MR. FARRAN:

The only discussion I've had is that I promised his Worship Mayor Dent that after this session I'd be prepared to sit down with him and listen to all his problems in the areas of communication.

MR. STROM:

Will sharing of toll rates be one of them?

MR. FARRAN:

I'm sorry I didn't catch that.

MR. STROM:

Will sharing of toll rates be one of the points of discussion?

MR. FARRAN:

I'd be very surprised if he didn't introduce the subject.

MR. STROM:

Is the government prepared to entertain it as one of the subjects for discussion?

MR. FARRAN:

I'm not prepared to commit myself. If the government is open-minded it must also be ready to listen. And you can't be open-minded if you have committed yourself in advance. As of the present time, the government's position has not changed.

MR. STROM:

In other words, the minister is saying that you are prepared to entertain amendments to the bill passed last year in regard to utilities?

MR. FARRAN:

No, I didn't say that. I said I was always prepared to listen.

MR. RUSTE:

Mr. Chairman, I think this would probably come under 3204, but it deals with the interest-free loans to municipalities and other bodies to assist them in preparing their cases against the increase by Calgary Power. This was announced some time ago. But my question to the minister is: how much money is involved in these loans, to whom, and what are the rates of repayment?

MR. FARRAN:

Mr. Chairman, the advances to date have been some \$211,000. Would you like the full list?

MR. RUSTE:

Yes, if you would, please.

MR. FARRAN:

The Union of REA is \$100,000, Alberta Urban Municipalities Association \$47,500, City of Red Deer \$37,500, and the Alberta Association of Consumers Associations of Canada \$26,500. There is another possibility of the processing of a further \$140,000 worth of advances, which are broken down: Union of REA \$92,500, the Alberta Urban Municipalities Association \$47,500. We still have not processed those to the point where we acknowledge the costs are justified. The first \$211,500 has been substantiated.

MR. RUSTE:

And what are the terms of repayment of those loans?

MR. FARRAN:

It's an interest-free loan which is covered by demand notes. I think it's probably wrong to prejudge the outcome of the hearing before the Public Utilities Board, part of whose responsibility it is to award costs. The costs could well be awarded against the utility. We don't know.

MR. RUSTE:

Mr. Chairman, one further question to the minister then. In light of this interest-free loan to these various organizations you have mentioned, is the government prepared to offer assistance to, say, if someone wants to protest a milk price increase or bread price increase?

MR. FARRAN:

Mr. Chairman, I don't think this should be considered to be a precedent. The reason for advancing this money to the consumers' representatives was that this question of power rates is a very technical one. We thought it utterly unfair for the utility alone with its great technological backup to be in a position of advantage as compared to the consumers at large. When we get down to more ordinary things, such as milk, I don't believe you need quite such technical backup.

MR. RUSTE:

One final question then. I believe the minister raised the point that there may be a judgment that the parties who are protesting it have their expenses paid, in the event they aren't paid, is the government prepared to forgive any of that money advanced?

MR. FARRAN:

I don't think I could make a commitment at the present time, Mr. Chairman. I think one should not jump any rivers until you come to them.

MR. HENDERSON:

Mr. Chairman, relative to loans, could the minister indicate very briefly to the House what the terms might be as to the time for repayment or are there any such terms?

MR. FARRAN:

It's a demand note, which is payable on presentation.

MR. NOTLEY:

Further to the questions on demand notes. I understand from listening to the minister that there is another \$92,500 and \$47,500 in the process of dispute, I understand, between the two organizations. I was wondering, perhaps, if the minister could advise the House what the problem was on this matter.

It seems to me that the point he makes that some form of fund or advance is necessary to balance the rights of the consumers against the rights of the company is a valid one. And I rather suspect that if the REAs are expected to make a case against the rate increase, \$100,000 is not really going to go very far when you consider the complicated technical briefs they have to produce. Therefore, I'm wondering what the problem is with this other \$92,500. Is there some hang up there? Are the REA's going to be left high and dry, or will the loan be made available to them?

MR. FARRAN:

I'm sorry if I left the impression that there was a problem. There is no problem. It's just that there was a question of processing the application to make certain they are not being hoodwinked by the people giving them technical advice. There is no problem that I can see, it's just a question of processing the costs as being reasonable.

MR. NOTLEY:

How does the government determine which groups will come under the provisions of the scheme and which won't? Is it just on the basis of the applications you receive in your department? Which consumer groups are being considered and why would these be chosen? It's obvious why the REA's would be, but have you, for example, had representation from some of the smaller towns that might be affected, or would they come under the urban municipalities?

MR. FARRAN:

So far as I know, Mr. Chairman, these are the only applications. The indication has been that we would help in this manner the associations rather than the individuals. So when you talk about towns and villages, they are presumably being represented by the Alberta Urban Municipalities Association. I suppose you could say that individuals generally are being represented by the Consumers' Association. But these are the ones that have applied for this interest free loan.

MR. NOTLEY:

Is your department carrying on any specific review at this stage on the procedures used by the Public Utilities Board in awarding costs? Because as I understand the legislation as it presently reads, the board has a good deal of latitude. They may award all of the costs, part of the costs, or none of the costs. The organizations -- the consumer groups -- could very well find themselves, at the end of these hearings, facing in the case of the REA's, a \$192,500 bill, and even though the loan advanced by the government is interest free, it is nevertheless money which has to be paid back. The question, Mr. Minister, is, are you reassessing the function of the Public Utilities Board in this respect to give the consumer groups some guarantee that they will have their costs covered, actually covered, before they go into a hearing?

MR. FARRAN:

Mr. Chairman, the Public Utilities Board is an independent judicial body, and there is no way that we can fetch political influence to bear on them, however much we would like to. It's completely independent. So it is up to them how they award the costs. But I think you have made a very good point. It might be a very embarrassing situation if some of them were left with some outstanding costs not awarded to the utility, or rather awarded to the intervenor against the utilities. But as I said before, when I answered the question from the other hon. member, I don't believe we should jump any fences until we come to them. It's a way to fall off your horse.

MR. NOTLEY:

I appreciate the fact that the Public Utilities Board is a completely independent body, but it does operate under The Public Utilities Act. My question to you, Mr. Minister, was at this time, are you in your department studying the implications of what would happen and perhaps considering amendments to the act. I take it from your answer that you aren't and that we are going to play it by ear for the time being.

MR. FARRAN:

That's correct.

MR. DIXON:

Mr. Speaker, I'll only bring this to the minister's attention. Due to the fact that he has only been minister for a short time, I don't expect him to have gone into it very thoroughly, but I can never console myself -- I could never with the former government or with this government -- why we have a Board of Public Utilities which only looks at rate increases for those companies that are privately owned or owned by the Crown. They don't look at rate increases which affect thousands of people in Alberta by those that are owned by the municipalities -- the thousands of people who live in Edmonton, for example. The rates can be increased, and no review, as far as the Board of Utilities -- unless that little section in the act where an individual can do it, but it is awfully difficult to get anywhere with that.

I'm just wondering how long we are going to carry on this inconsistency where we seem to think, well it's all right, you can have any kind of an increase if you are owned by a municipality, but if you are owned by the Alberta government or by a private industry, then you must be subject to approval by a Board of Public Utilities.

I think it is the height of folly now that we are loaning money to municipalities, who are not subject to a review themselves but are going to spend money to argue a case before the Board of Public Utilities, the very people who aren't reviewed themselves. I am thinking of the City of Edmonton which is part of the municipal organization.

I am wondering why we can't be realistic -- either have the Board of Public Utilities look after all utilities in Alberta, regardless of who owns them, or forget about it for everyone. Because I can't see the Alberta Government raising its rates unrealistically -- and we say at the same time, "Well, Edmonton wouldn't do it to its own taxpayers." But we say, "Well, we've got the Alberta Government. It has to investigate before we allow an increase in regard to our telephones."

But you turn the page the other way and the City of Edmonton doesn't have to have its rates reviewed by the Board of Public Utilities. So I am just

wondering if you shouldn't take a look at that and stop the inconsistency. Either do away with it altogether, or bring everyone under it.

MR. FARRAN:

Mr. Chairman, it is quite a philosophical argument. There is, obviously, a difference between a government-owned utility or a municipally-owned utility and a private utility. A private utility is allowed to make a rate above its capital investment or its rate base. A municipal utility, presumably, can be in a position of being the levier of an indirect tax. We believe in local autonomy, we believe in these local councils running their own show, and I presume that if they don't sell their utility at a mark-up the mill rate will be higher.

However, there is provision in the Act for any individual to complain to the Public Utilities Board and have a municipal rate reviewed. And there is a provision for a municipality, by by-law, to voluntarily submit their rates to the Public Utilities Board. The province, as you quite rightly point out, have put Alberta Government Telephones under the aegis of the Public Utilities Board. But this is the big difference between an nationalized utility and a private utility. A nationalized utility can be a form of hidden tax, but a private utility is fixed to an allowable rate of return above a rate base and is under control.

MR. RUSTE:

To the minister. When will the freeze that has been imposed on the gas co-ops be lifted by the government?

MR. FARRAN:

The so-called freeze is really people waiting in the wings for the policy, and as soon as the policy is announced I presume they will all go.

MR. RUSTE:

Supplementary question then. When was the freeze instituted?

MR. FARRAN:

There has been no freeze. All we have been saying to them is it would probably be in their best interests to wait for the government to announce it. No freeze. Last year we built the largest gas co-op in Alberta's history in the Lac Ste. Anne-Barrhead parkland area, known as the Lac Ste. Anne Co-op, which now has more than 800 members and is still expanding.

MR. RUSTE:

Mr. Chairman, I understand there was a freeze imposed on the co-ops with the idea that you just sit and wait until the policy is announced. Is this not true? And yet you have said now that one of the largest ones was formed during that period of time.

MR. FARRAN:

No freeze. We have been advising them to wait -- it is in their best interests to wait, and I still think it is. This very large and successful one last year was really encouraged to go ahead because we thought we would discover many lessons from this big experiment in the field with a lot of local initiative. When you are talking about a freeze, you are probably talking about individual taps which are not gas co-ops. And that isn't a freeze either, but none have been allowed since May of last year.

MR. RUSTE:

Mr. Chairman, does that mean that one area was given preference then over the others? And were there other areas in a similar position where their co-ops were formed that year?

MR. FARRAN:

No, we have told many areas they could have gone ahead on the same basis as the Ste. Anne Co-op, but they have chosen to wait and I think wisely so.



MR. RUSTE:

Further to that, Mr. Chairman, I find it rather difficult -- there are co-ops, and I am aware of some of them, who would have liked to have gone ahead but unless they had some information to go ahead on they weren't prepared to do it. Now evidently these co-ops you mentioned have had information that wasn't available to others, and that is the point I raise.

MR. FARRAN:

No, they just preferred to take a calculated risk and go ahead. They were just raring to go and others could have done the same, but I believe they have been well advised to wait for our policy. They will be able to proceed this summer.

MR. WILSON:

Mr. Chairman, to the hon. Minister of Telephones and Utilities. When do you expect to sign the bill lease agreement for the new AGT supplies building?

MR. FARRAN:

I would imagine this contract would be consummated this week.

MR. WILSON:

Could you tell us, what is the rent on the final bid accepted?

MR. FARRAN:

I told you before that I haven't got it in front of me. My recollection is it is somewhere in the neighbourhood of \$1.70 to \$1.75 -- something like that -- a square foot. That would be about the going rate.

MR. WILSON:

Mr. Minister, could you also tell us the length of the lease and any renewal options you have in it?

MR. FARRAN:

I told you the other day, ten years and five years renewable clause, on option.

MR. WILSON:

Mr. Minister, do you know the size of the site and the size of building on the successful proposal?

MR. FARRAN:

Why don't you read from the piece of paper I gave you the other day that you have in front of you?

MR. WILSON:

Well, I have got it here and it doesn't say so. Well I take it then --

MR. FARRAN:

I'll give you a typewritten statement on the whole of this project.

MR. WILSON:

A which?

MR. FARRAN:

I will give you every detail you have asked for, typewritten this time.

MR. WILSON:

Thank you, sir. Have any respondents been advised by AGT that they were unsuccessful?

MR. FARRAN:

Well, the contract has not yet been awarded but I presume that very soon they will be informed that they have been unsuccessful.

MR. WILSON:

Do you have any idea sir, why respondents who had previously been advised they were unsuccessful would be asked to return their proposals last week?

MR. FARRAN:

No, I have told you. I have looked into this project and see nothing wrong with it but I will give all these details as soon as I have them available.

MR. BATHUK:

Mr. Chairman. Mr. Minister, is it not right that there has been a freeze put on, but not on the gas co-ops, it's for individuals. I think it happened some time last July, that individuals wishing to hook-up were asked to hold on until the gas policy would come out.

MR. FARRAN:

If you are talking about individual taps, yes, they were asked to wait. And since May, 1972, no individual taps have had gas turned on. I presume that they will all be let go as soon as the policy is announced.

MR. RUSTE:

A further question to that. Let's assume that a farmer has a gas well on his own farm and he is entitled to get gas from that. Is there a freeze on that as well?

MR. FARRAN:

Please be patient until the gas policy is announced.

MR. RUSTE:

A further question. I understood the minister to say that there was one large gas co-op formed in this interval of the freeze that we have been talking about. Did I understand you correctly?

MR. FARRAN:

There is no freeze.

MR. RUSTE:

Did I understand you correctly?

MR. FARRAN:

I said quite clearly there was no freeze. We advised people who contacted us to wait for the announcement of the government's rural gas policy, that it was in their best interests. But there was no freeze. They could have gone ahead.

MR. RUSTE:

Well, didn't I understand you to say there was one large one that was formed in that period though, regardless of whether there was a freeze or not?

MR. FARRAN:

Yes, you did, you did, I told you, the largest one in the history of Alberta.

MR. RUSTE:

Well, in a Return tabled in the Legislature in reference to a question asked, question No. 222, there is reference here to three large ones formed in the area, following January 1, 1972. One was Ste. Anne Gas Co-op at Onoway, of \$850,000, which I take is a large one; one at St. Anne, County 28, \$850,000; and

another one at Barrhead-Westlock which totals some \$300,000 or so. There is more than the one.

MR. FARRAN:

They all link together in the end.

MR. DIXON:

Mr. Chairman, to the hon. the Minister. OK, if you all are through.

To the hon. minister, I would like to ask a question regarding the new rural gas policy. I can see a problem arising when you do announce it. You have been holding off for a number of months on announcing it, and of course, regarding financing. I am wondering when the program is announced, say -- I don't know when you are going to announce it, a week or two or a month, whenever it happens to be. But aren't we going to run into the situation, with all these people waiting, how are you going to arrive who does go ahead? There is no way they can all go ahead because there is no material enough in Alberta to look after them by way of pipe, there are not enough contractors to do all the work and I'm just doubtful whether you have a enough money to cover all the requirements that are being asked for from the co-ops. So you must be going to use some kind of priority on who does start.

MR. FARRAN:

No, I think when it will be announced there will be no discrimination. The terms will be the same for everyone. Those will be the eager beavers who will probably start first but there is no picking and choosing as far as the government is concerned. The ground rules will be the same for everyone.

MR. DIXON:

Haven't you thought, Mr. Minister through the Chair, as I pointed out, that if you start that, are you not going to raise the cost automatically. Because whenever there is a short supply of labour and equipment and also a shortage of the other necessary things to bring the line in, you are just going to increase the price. If you say you are going to give everybody the money and say, "OK boys you are all free to go ahead", you are just going to have chaos.

MR. FARRAN:

I don't think this always applies and you must remember that it was under the former government that the REA's began in the early '50s. They did find in those days that when they were doing it on a mass basis across the province that the costs were lower than when they were picking and choosing in individual scattered areas.

MR. DIXON:

I can see your point hon. member and I accept it up to a point. But I think we have a different situation here than we had with the REAs because there wasn't the immediate demand that you are going to have with the gas co-ops. Everyone in this room, including yours truly, are interested in it because we all have a portion of rural area within our constituencies unless we are right in the middle of a particular city.

So I still say you are not going to be doing those people a favour if you turn everybody loose and say, "here's the money You go ahead and find somewhere to put it," because you are just going to raise the prices.

MR. BATHUK:

Mr. Chairman, Mr. Minister in a case like this I wonder whether there will be any conflict. The government isn't going to be looking after it. There will be individual co-ops that will have to get contractors to put it in and the co-op is going to form sooner and go ahead sooner. They will naturally be the ones who are going to get the service. It won't be up to the government to get the machines to put the lines in.

MR. RUSTE:

Mr. Chairman, I would like to follow up the point I raised about the individual farmer having gas on his own land, he has an understanding with the company who has the well that he could get it free because it's on his property, the inconvenience it's caused him and I would just like him to consider whether

in the light of the Bill of Rights whether the ownership means anything to that farmer and whether he can count on getting it

MR. FARRAN:

Again I shall wait for the announcement of the rural gas policy. There will be a position paper in a very short time.

MR. RUSTE:

Just a final one, will the minister look at a case like that in light of the Bill of Rights?

MR. FARRAN:

In the light of the Bill of Rights farmers are allowed to cooperate neighbour with neighbour.

MR. BARTON:

How many co-ops are sitting in limbo right now waiting for your decision?

MR. ZANDER:

One in Slave Lake.

MR. FARRAN:

They are not in limbo, I think there are about 11 ready to go and a number of others organized but not quite ready to go.

MR. DIXON:

One final question I would like to ask the minister. The former minister announced that when they were in the argument between the Calgary and Edmonton telephone system last year, he announced that as long as Alberta Government Telephones maintained the long distance lines there would be no increase of telephone rates, as far as AGT was concerned, in the Province of Alberta. Do you subscribe to that suggestion?

MR. FARRAN:

I don't know who said that -- that there would never be any increase in rates in the history of AGT -- who said that?

MR. DIXON:

The hon. minister, Mr. Werry, pointed out that there would be no increase as far as he could see as long as they maintained the long distance lines and that's the reason they wanted to have the long distance lines.

MR. FARRAN:

I think anybody who knows how the dollar is being diluted, and how capital-intensive the utility business is, would never think that the rates or anything would stay the same forever.

MR. DIXON:

Mr. Minister, my natural question to you is: are you reviewing the rates with idea of increasing them?

MR. FARRAN:

No, there's no need for a rate change at the present time.

MR. LUDWIG:

Mr. Chairman, the hon. minister had promised me a few answers to questions I put to him in subcommittee and I wondered whether he got them or he wants me to repeat the questions?

MR. FARRAN:

Could you repeat the questions please, Mr. Ludwig?

MR. LUDWIG:

Yes, Mr. Chairman. I wanted the names of the parties who are negotiating the settlement between AGT and ET -- the names of the people actually conducting the negotiations. You undertook to give me those names. You also undertook to give them before your Estimates were passed.

MR. FARRAN:

As a man of my word I'll now give them to you. Have you got your pencil?

MR. LUDWIG:

Just read them. Just read them. Hansard should pick them up.

MR. FARRAN:

All right. Key personnel in negotiations. For AGT there is Mr. J.C.D. Mallet-Paret, divisional operations manager Edmonton north. Mr. J. Szaszkiewicz, general staff engineer. Mr. D. F. Baillie, executive assistant inter-company relations. And for Edmonton Telephones as a coordinator, Mr. Baptie, and Horton Engineering is acting also for Edmonton Telephones. Consultants acting for AGT are Gamma Engineering.

MR. LUDWIG:

Which engineering firm is doing an appraisal of the value of the assets which are being turned over to ET or have been turned over to ET?

MR. FARRAN:

We expect a report from the valuation negotiation very soon.

MR. LUDWIG:

Mr. Chairman, I didn't ask him a question as to when we could expect a report as long as we do get it. I suppose we will have to wait until we get it. But I want to know which engineering firm is conducting an appraisal of the assets that are being transferred from AGT to ET -- firm or firms?

MR. FARRAN:

Gamma Engineering for AGT and Horton Engineering for Edmonton Telephones.

MR. LUDWIG:

Is Gamma Engineering conducting the actual assessment or appraisal of all the assets that are being transferred?

MR. FARRAN:

Yes.

MR. LUDWIG:

Are there any other firms involved in doing any appraisals or assessments for AGT?

MR. FARRAN:

Not for AGT.

MR. LUDWIG:

Was there any study conducted of the amount of subscribers' revenues -- AGT subscriptions and service revenues that will be lost to AGT as a result of transferring the business over to ET?

MR. FARRAN:

It is estimated some 20,000 to 25,000 residential telephones loss at an average of \$5 telephone fee. This works out to \$125,000 a month. This is not a loss of profit. This is a loss of revenue, because residential telephones very rarely pay more than their cost.

MR. LUDWIG:

Well I am impressed with the minister defending his remarks before he makes them actually. I am sure that he knows why best. I didn't ask him whether this is a good deal or not. He thinks it is a hot deal for AGT and I think it is a sellout. We are both entitled to our opinions until we get the figures.

But I asked the hon. minister a question whether there was any projection made of the present loss of subscribers' revenues and service revenues to AGT and how far into the future this projection has been carried to determine future losses because of a reduced operation by AGT.

MR. FARRAN:

Well, since we are still in negotiation with Edmonton Telephones final price has not yet been arrived at. I am not prepared to lay all the cards in our poker game on the table.

MR. LUDWIG:

Mr. Chairman, I appreciate the hon. minister's reply because I have been telling them that they are playing poker with us on this matter. I have been saying this all along. I am also alleging that they have dealt a few from the bottom and we don't know what it is yet. It is the opposition's job to find out the facts and figures. I am sure that the Edmonton members are not too interested because they are rather impressed and pleased with the whole deal. But there are only 16 MLAs in Edmonton and I am surprised that the rest of them are not too concerned. I am concerned about the Conservative MLAs that they feel that all's well --

MR. ZANDER:

We are concerned, Albert.

MR. LUDWIG:

-- that this has been a good deal. And since nobody keeps asking these questions I am of the opinion that Edmonton is overjoyed with it -- in fact it is such a bad operation as far as they are concerned that they are prepared to pay \$10 million to \$13 million to get a money loser. If anybody believes this Mr. Farran, I can tell you that I don't believe your remarks in this regard one little bit. No city will pay a fairly handsome price for what is a money loser. According to you we are getting rid of a bad deal.

MR. FARRAN:

I didn't say it was a money loser. I said that residential telephones very rarely pay much more than their cost. I believe it's probably a fair deal at \$10 million plus the valuation of the equipment which may be up to another three million. If it was not a fair deal, you couldn't get agreement, of course, on negotiation.

MR. LUDWIG:

With all due respect, Mr. Minister, I shouldn't say that you said it was a good deal for us, but the hon. Minister, Mr. Werry, did state in Calgary that they got rid of a white elephant as far as he was concerned, and that Edmonton picked up a money loser. I believe those were the exact words.

But if you're so impressed with the fact that it's a good deal, we ought to look at facts and figures. Where are the projected figures of what we're going to lose? And where are the projected figures as to the capital expenditure of AGT on the AGT Tower? And now we're going to be having a much smaller operation.

I also ask, how many years will it take us to pick up the subscribers we lost throughout the province, to make up for what we are losing here? And also all these are things that I believe it's incumbent upon the hon. minister to make a statement so that we know by the time we are through with his budget just where we are going with this deal because I'm of the opinion that neither the minister nor anyone in this House really knows what the deal is and I think that if we don't find out what the deal is that a lot of us are not doing our job.

MR. CHAIRMAN:

Any further comments? Ready for the question?

MR. LUDWIG:

I asked a question of the minister. I wondered whether he was going to comment.

AN HON. MEMBER:

He's already answered you Albert.

MR. LUDWIG:

No he hasn't.

SOME HON. MEMBERS:

Question. Question.

MR. CHAIRMAN:

Ready for the question?

MR. LUDWIG:

Well the minister doesn't have to answer those questions, but I'd like to go through the subcommittee where he argued rather seriously that he was not obliged to answer questions because this was a Crown corporation. My position is, Mr. Chairman, that even though this is a Crown corporation, the Crown corporation owes hundreds of millions of dollars guaranteed by the government, and therefore, it is incumbent upon the minister to give us all the details that we want. And since the session is not over that we perhaps should hold this budget until we get all those details.

One can hardly say that I'm unfair in demanding details of the deal in which I think the people of Alberta -- outside of Edmonton -- are taking a bit of a kicking -- we're taking a beating on the deal because we are giving away a very viable, very concentrated and well developed portion of AGT.

When I say giving away, I don't think we're getting fair value and this is an allegation made to the minister. And let the minister come up and say we are getting fair value, we are getting fair value for what we gave away. There is no use in saying, well, it's my opinion, it's a good deal because that is all he's got. He's got his opinion it's a good deal, and I've got mine -- that it's a lousy deal. And so far there has been nothing to show that I'm not right.

Because the facts indicate that this whole AGT, ET exercise was not done, was not conducted in keeping with the recommendation of a committee that studied this matter that either we get into a united effort with ET or that the larger telephones operation buy out the smaller one. Certainly in the ordinary course of business in the business world it is seldom that a smaller unit, an isolated unit, an operation like ET could buy into a province wide operation and for that reason I think that we ought to be given details and facts and figures. So far, I'm saying there has not been any.

And I'm sure that I'm not the only member who is concerned about this. That there must be -- everyone who is outside of the city must want to know, what did we get? Because Edmonton doesn't have to worry. Edmonton has a formula and it's very happy to go ahead with it. You can rest assured that they fought for it, they won -- they won handily, they out negotiated the government people. And I'm not saying they out negotiated them -- I think that the hands of the government were tied -- tied solidly before they got into this deal.

The whole thing was an anticlimax as far as I'm concerned. It was a foregone conclusion that the Edmonton people were going to get AGT. And this whole negotiation and whole exercise was nothing more than just a political exercise. Because when the Premier promised before the election that they would permit Edmonton to expand to its natural boundaries, that clinched it and for that reason, because I'm saying this was a political payoff, that you people have the responsibility of proving that it wasn't, because say it was a payoff, it's no use saying it wasn't and I say it was. We just go on and on.

We need facts and figures. I am sure that no business would ever sell a great chunk, a great block, of established business and a promise of future rapid expansion, a business like AGT which expanded its whole capital outlay to accommodate a bigger operation and then just overnight you say they are going to lose 25,000 subscribers. I'm saying they are going to lose a lot more. You say 25,000, your guess is just a guess. It's a guess based on no facts or figures.

So when you say they are going to lose 25,000, I'd like to know how much have they lost? And how much are they going to lose by way of a projected figure in the next 10, 20, 30 years? This is a long-range business and AGT did get long-term borrowings to pay for a lot of the capital expenditure. Now they are transferring that to Edmcentcn debt-free.

These are questions I believe are reasonable and that we should expect an answer before we leave this vote. Because to say that we have been hung up in the air since September 10, 1971 and we have made a deal, but nobody knows the facts and figures. I don't think that's good business. I think that the allegation I made that this is a political pay-off has to stand until you rebut me successfully and you cannot say it --

[Interjections]

MR. KOZIAK:

Can we call it 5:30?

MR. LUDWIG:

Mr. Chairman, if the hon. member opens his eyes, it is 5:30.

MR. CHAIRMAN:

I was --

MR. LUDWIG:

I'd like to adjourn the debate.

MR. CHAIRMAN:

There is no need for that; the Chair just declares adjournment of the committee until 8:00 o'clock tonight.

The Committee of Supply will adjourn until 8:00 o'clock tonight.

[Mr. Chairman left the Chair at 5:31 o'clock.]