

LEGISLATIVE ASSEMBLY OF ALBERTA

Monday Evening, April 9, 1973

[Mr. Chairman resumed the Chair at 8:00 o'clock.]

COMMITTEE OF SUPPLY

Department of Telephones and Utilities (Cont.)

MR. CHAIRMAN:

The Committee of Supply will now come to order.

If I may have the indulgence of the members present, could we revert to introduction of guests as requested by the hon. Member for Edmonton Calder, Mr. Tom Chambers? Agreed?

HON. MEMBERS:

Agreed.

MR. CHAMBERS:

Edmonton Calder, Mr. Chairman.

MR. CHAIRMAN:

My apologies. Edmonton Calder.

INTRCDUCTION OF VISITORS (CONT.)

MR. CHAMBERS:

Thank you, Mr. Chairman. Tonight we have with us some visitors sitting in the Speaker's Gallery who are provincial bowling champions and will be representing Alberta in Saskatoon next weekend from April 14 through 18, competing for the Canadian bowling championships. The singles provincial champion is 12-year-old Miss Barbara Caza who is a fantastic bowler and who has only been active in the sport for, I believe, two years. The provincial champion team in the junior division: Alan Riddell who is 13, Mike Masse aged 13, Robin Currie aged 14, Terry Oakes aged 15, Donald Drouin aged 15, and their coach Mr. Ron McVee. I wish they would all stand. I am sure, Mr. Chairman, that all members of the House will join with me in wishing these bowlers the best of luck in their endeavour to bring back to Alberta the Canadian championship in their respective divisions. I would ask the children to all stand and be recognized.

MR. CHAIRMAN:

Thank you.

MR. FARRAN:

Mr. Chairman, I would like to resume my giving the hon. Member for Calgary Bow the details he requested before we adjourned for supper. The method of obtaining submissions from interested developers for this warehouse in west Edmonton was that the developers of all vacant land with developers' signs were contacted and were invited individually to attend an initial briefing on AGT requirements. Other developers contacted AGT and were also invited to the initial briefing.

The size of the building is approximately 60,000 square feet. The purpose is a warehouse, TT wire repair shop, central office repair shop, radio repair shop, stationery stores, and an office. There were eight people who answered the call for proposals and although no contract has been signed, the range for rent is in the neighbourhood of \$1.47 per square foot. When taxes and insurance are added it comes out around \$1.58 per square foot.

MR. WILSON:

Mr. Chairman, to the hon. minister. Could he give us those two briefing dates he mentioned? He mentioned the people who had signs on likely property and others.

MR. FARRAN:

The period during which the proposals were called was between Wednesday, March 7 and March 13.

MR. WILSON:

That was when the proposals were supposed to be in?

MR. FARRAN:

By March 13. Yes.

MR. WILSON:

When was the briefing date for the people who had signs on their property?

MR. FARRAN:

Well there was an initial briefing on February 12, and a further briefing on March 6.

MR. WILSON:

So the earliest possible date that any proponent knew about the scheme was on February 12. Is that right?

MR. FARRAN:

Correct.

MR. WILSON:

Mr. Minister, I appreciate your bringing back this information since the dinner hour and I thank you very much. Could you tell me, was the deadline for submitting proposals set the same for all the proponents?

MR. FARRAN:

A request for proposals is somewhat different from the procedure for sealed tender and bids for constructing a building. In this particular case we were negotiating with the landlord on a ten-year lease with an option for renewal for five years. So between Wednesday, March 7 and Tuesday, March 13 eight developers gave presentations.

MR. WILSON:

So, Mr. Minister, the eight submissions didn't all arrive at the same time? They weren't opened in front of the proponents? It wasn't a sealed tender arrangement? Is this right?

MR. FARRAN:

No. You're in the development business and you understand quite well the difference, through the Chair, between a sealed bid with a specified date for tenders closing and a negotiated request for proposals.

MR. WILSON:

Mr. Chairman, to the minister. Were you able to determine over the dinner hour, Mr. Minister, why the proponents were invited to alter their original proposals?

MR. FARRAN:

Yes, because the beauty of the package-deal request for proposal approach is that you can negotiate for improvements on the original submission.

MR. WILSON:

Mr. Chairman, to the minister. Would you give us the final rental figure quoted by all proponents, including their base-year property taxes on a square-footage basis?

MR. FARRAN:

No, I'm afraid I can't. I think you are going into too much detail now. I've told you that it is in the range of \$1.50, including taxes and insurance, but I'm not prepared to give you the detailed bids at this time.

MR. WILSON:

Mr. Chairman, to the minister. Was the lowest rental figure accepted?

MR. FARRAN:

No. No figure has yet been accepted, but the one recommended is not the lowest. It's one of the lowest, but it's in the most acceptable area. The geographic location was pretty important to AGT, too.

MR. WILSON:

Mr. Chairman, what is the possession date on the successful proposal, and was it the same as all the others?

MR. FARRAN:

There is no successful proposal yet. As I've said, no contract has been signed.

MR. WILSON:

Well, the recommended proposal, then.

MR. CHAIRMAN:

Any further questions?

MR. WILSON:

Well, Mr. Chairman, I was waiting for a reply from the minister on the possession date.

MR. FARRAN:

I think the reply was that I'm not prepared to go into further detail from the point of view of the competitive position of AGT. I've probably given you more than most would give on an occasion like this. If you require further information, please make a motion for a Return.

MR. WILSON:

Well, Mr. Chairman, to the minister --

[Interjections]

MR. CHAIRMAN:

Order, order.

MR. WILSON:

Mr. Chairman, we're trying to analyse the request for proposal procedures being used by Alberta Government Telephones. It seems to me that the type of questioning that is going on is certainly legitimate and in the best interests of the public to determine when we find --

[Interjections]

DR. HORNER:

What vote is it?

MR. WILSON:

The last question the minister answered, for example, indicated that the recommended, successful proponent wasn't the low tender. Now that opens up a further line of questioning, Mr. Chairman, that I think needs to be answered. What were some of the factors that made AGT decide to accept less than the lowest proposal?

MR. FARRAN:

Mr. Chairman, I think I've pointed out before, and the hon. member well knows because he's in the business, that the usual way when you request for proposals is that you have a check list of some 17 points, and that you will choose the one that conforms most to your desires. This includes location, access by road, loading platforms, what is actually offered in terms of a building, and these are taken into account as well as rental.

The sort of things that were asked on the check list were utility availability, overall appeal, yard facilities, yard storage, parking, that type of thing. And the hon. member well knows the technique. He must have been through it a dozen times. But in any case, Alberta Government Telephones is a Crown corporation. Although I may be responsible for it, so far as the cabinet is concerned, its estimates are not before the House at the present time.

MR. WILSON:

Well, Mr. Chairman, that's a fine time to be suggesting that we are pursuing the wrong line of questioning. The minister indicated that the low tender is not the one that is being recommended, and I would like to know, what is the possession date on the successful or the recommended proposal?

MR. FARRAN:

The building has to be completed by October, 1973, this is one of the criteria. But as I say, if you put a motion on the Order Paper with your specific questions, I will see if they can be answered.

MR. WILSON:

Mr. Chairman, to the minister. Did the plans and specifications of the successful proponent meet all the requirements in the proposal called?

MR. FARRAN:

Mr. Chairman, on a request for proposal, it is unlikely that any one of the bidders met every requirement of AGT. The one I recommended meets the majority of the requirements and more than the rest. In this particular case you are not buying potatoes, you're buying a suitable building for rent.

MR. WILSON:

Mr. Chairman, would the minister advise as to the usable square feet of building in the successful proposal and, also, the usable square feet in the other proposals?

MR. CHAIRMAN:

The minister indicated no.

MR. WILSON:

Mr. Chairman, if the minister doesn't want to answer, I assume there must be some reason for it. I think perhaps the wrong reasons. What are we trying to hide here?

MR. CHAIRMAN:

Mr. Wilson, if the Chair could elaborate here, I believe the minister, before adjournment for supper, indicated the announcement has not been made yet.

MR. WILSON:

Mr. Chairman, the minister has given us a considerable amount of information of which we are appreciative, but it seems to me there are more questions that need to be answered.

It seems strange that AGT's request for proposal technique, or policy, would be one wherein the proponents would be given less than a month to acquire land, to prepare plans, hire an architect or an engineer to prepare plans and submit those plans to AGT to see if they are satisfactory, because the plans weren't supplied in this request for proposal approach. Then, go back and price out the building, arrange financing and turn around and convert your capital costs to a square-footage rental figure and submit a proposal to the Alberta Government Telephones, all of that within a month. We are probably talking about a total capital expenditure of half a million to three-quarters of a million dollars.

Now that does not seem to me to be in the best interests of Albertans when you are taking that kind of venture and you are signing a ten-year lease, with an option to renew for five years, on something that is rushed into, that isn't advertised in the papers, you don't recommend that they accept the lowest tender. It's just sort of, if you hear about it via the grapevine you are invited to make a submission.

I think the whole system of request for proposals in this department needs to be revamped in the best interests of Alberta.

MR. FARRAN:

On a point of order, Mr. Chairman. It is not a department, it is a Crown corporation and meant to be semi-independent.

MR. WILSON:

All right, so it's a Crown corporation, the minister says he's responsible for this department and is spending taxpayers' dollars. It seems to me the way they are doing it isn't in the best interests of Albertans and that is the reason for the line of questioning. The answers we got show there are more questions that need to be answered.

If the minister wants to shut it off now and say well, he doesn't want to answer any more questions, then I suggest we hold up the approval of this department's estimates until we do get the answers to all the questions we want to ask, regarding this situation.

MR. CHAIRMAN:

Mr. Wilson, if the Chair may point out -- Order.

You have made reference to taxpayers' dollars and the minister's office with regard to providing operating expenses. The Minister of Telephones and Utilities -- we are concerned about the taxpayers' dollars. I can appreciate and accept the minister's explanation that you are asking questions about a Crown corporation that really, in some cases, he is not able to answer today because of --

Order, please.

[Interjections]

Order, please.

MR. LUDWIG:

On a point of order, Mr. Chairman.

MR. CHAIRMAN:

Order. I haven't completed. I'll give you a chance as soon as I complete, Mr. Ludwig.

MR. LUDWIG:

A question for clarification. How are you debating --

MR. CHAIRMAN:

Order. Order.

MR. LUDWIG:

I have a right to debate.

MR. CHAIRMAN:

Order please, I will give you an opportunity. All I am trying to explain to Mr. Wilson is that he keeps insisting on an answer from the minister and the minister has indicated cooperation to provide it in a Motion for a Return. As Chairman here, I find that that is quite proper because it is information that he may not have available here today in the Committee of Supply.

MR. HENDERSON:

Mr. Chairman, that is not your responsibility. A Motion for a Return is debatable as the Chair well knows. That is just a stalling tactic.

MR. CHAIRMAN:

Mr. Henderson, which appropriation are you talking about now?

MR. HENDERSON:

When you turn around and suggest, in your opinion, your opinion is not relevant to the exercise. The minister does not want to answer the question. It is not your prerogative to say whether it should be a Motion for a Return or not, Mr. Chairman.

MR. CHAIRMAN:

As Chairman here, I still have to --

MR. HENDERSON:

A Motion for a Return is a debatable subject. It doesn't guarantee we are going to get the information whatever, in any way, shape, or form. I suggest the Chair would be well advised to keep those remarks to himself, because you are getting into the debate as the Chair. If the Chair wants to debate, I suggest we put another person in the Chair.

MR. CHAIRMAN:

Mr. Henderson, what appropriation are you people dealing with here?

MR. HENDERSON:

Mr. Chairman, we have a Crown corporation known as Alberta Government Telephones, and the taxpayers of that organization. To stand up in the House and hear a minister say that he is accountable to cabinet for Alberta Government Telephones but not accountable to the Legislature, I suggest is absolute nonsense. That is what he is saying.

DR. HORNER:

On a point of order. I am sure that the Leader of the Opposition in his genial condition would like to be accurate, and the minister did not say that -- that he wasn't accountable to the Legislature. I just wanted to point out that.

MR. HENDERSON:

Mr. Chairman, he has said a number of times that it is a Crown Corporation, that it isn't the business of the Legislature. So, therefore, he is not accountable to Legislature for the details of this.

DR. HORNER:

On a point of order, Mr. Chairman. The minister has not said that, and because the hon. leader says it, does not make it necessarily so. I suggest to him, as a matter of fact, the minister has said that he is responsible for AGT and that he is making as much information available as possible. I am rather intrigued by the position of the Social Credit party which apparently says that we should remove AGT from its position as a Crown corporation.

[Interjections]

MR. CHAIRMAN:

Order, order. Mr. Taylor.

MR. TAYLOR:

Mr. Chairman, on the point of order. The hon. minister is the Minister of Telephones. So surely he is answerable to the House for anything that goes on in the Crown corporation of Alberta Government Telephones. That's the way it is, and that is the way it has been, and that is the way it should be. So the hon. minister should not be shielding himself by saying he won't answer because it's a Crown corporation. That is nonsense.

MR. FARRAN:

I did not say that, Mr. Chairman. What I said was that the Alberta Government Telephones estimates are not before us tonight. However, insofar as I am Minister of Telephones and Utilities, and the estimates from my office presumably cover the costs of my general responsibilities in AGT, I suppose questions are permissible. I have answered very detailed questions at considerable length. I think I have gone far beyond what perhaps the call of duty demands. What is the particular question that the hon. Member for Calgary Bow wants to put?

MR. WILSON:

Mr. Chairman, to the hon. minister. Thank you for getting the debate back on track. I would appreciate it very much if you would now advise, what was the final rental figure quoted by all proponents including the base-year property taxes on a square-footage basis?

DR. HORNER:

Mr. Chairman, that kind of question should properly be a Motion for a Return to get the kind of detail that the hon. member wants. And while he is debating the subject he might put before us his view as to the status of AGT. Does he believe it should be changed from a Crown corporation?

[Interjections]

It's all very well for my hon. friends to make some noise and for my hon. friend from Calgary Bow to be the inquisitor and try to act like a lawyer. I know they are a little short of lawyers over there. It's interesting to note that the hon. Member for Calgary Bow has a legal career in mind once he gets through the land development business.

MR. HENDERSON:

Mr. Chairman, the Deputy Premier is entirely out of order. What he's saying is absolutely irrelevant and has nothing to do with the subject at hand other than to divert the attention of the House from the issue. All the minister has to do is answer the question, and I suggest the Deputy Premier just hold his chair and let the minister answer the question.

MR. FARRAN:

I have already answered the question. I said it was in the range of \$1.58 per square foot, including taxes and insurance. I can't go into any greater detail because the issue is not yet settled, no contract has been awarded. Don't you understand that?

MR. WILSON:

Mr. Chairman, to the hon. Minister of Telephones and Utilities. You say that no contract has been awarded, but you did tell us that you have made a decision and in all probability the contract will be signed this week. On AGT stationery, proponents have been advised as to who the successful tender is. The unsuccessful ones have been advised, and you say now that you can't tell us what the rents were. That doesn't make sense, sir. I think it's a legitimate question, after you tell us you haven't recommended the lowest rent, that you tell us what the other rents are and answer further questions on it.

MR. FARRAN:

Mr. Chairman, I didn't say that a decision had been reached. If a decision had been reached the contract would be signed. All I said was that one of these proposals -- propositions -- had been recommended. But I didn't say a contract had been signed or a decision had been reached.

MR. WILSON:

Mr. Chairman, to the minister. You say no decision has been reached, but why then were the unsuccessful proponents advised in writing on AGT stationery on March 16, 1973 that they were not successful?

MR. FARRAN:

Mr. Chairman, if the hon. member and his friends -- who presumably were the ones he's listing as unsuccessful bidders -- know so much about this warehouse, why does he ask me questions?

MR. WILSON:

Mr. Chairman, the minister is in charge of what I regard as a rather poor and shoddy policy in relation to operating a request for proposals. It seems to me he can make all kinds of derogatory remarks about me and my friends and so on -- I count the hon. minister as one of my friends so if he feels that the shoe fits that's fine -- but we are talking about the principle of operating a request for proposal technique. I claim, based on the answers I received so far, this is a very good example of how not to do it if you have the best interests of Alberta taxpayers at heart.

MR. FARRAN:

Mr. Chairman, if the hon. member really has a friend he wants to recommend who was one of the bidders, I would be glad --

MR. HENDERSON:

Mr. Chairman, he's entirely out of order. He's imputing motive again and I suggest he be ordered to withdraw the statements.

MR. WILSON:

A point of order --

MR. CHAIRMAN:

Mr. Koziak.

MR. KOZIAK:

Thank you, Mr. Chairman. I was wondering if perhaps the hon. minister might take a few minutes to describe the Alberta Government Telephones Corporation --

[Interjections]

MR. CHAIRMAN:

Order please.

MR. KOZIAK:

Now I would imagine if this is a Crown corporation it must have shares, and in all likelihood all those shares are owned by the government of the Province of Alberta.

I would imagine also that this corporation must have a board of directors, must have officers and must have management. I wonder if the hon. minister might take some time to indicate just how that structure works, where the decision-making process lies and the hon. minister's position in that Crown corporation and in the decision-making process.

MR. FARRAN:

Mr. Chairman, AGT is a Crown corporation and wholly owned by the people of Alberta. The chairman of the board is the Minister of Telephones and Utilities.



The directors are all appointed. It pays a dividend to the Province of Alberta. In the last year -- and I think this is a tribute to the late hon. Len Werry -- in the last year it had a record year for profit; it made over \$6 million and has paid a dividend of close to \$2 million to the people of Alberta. Despite this, its rates are among the lowest in Canada and my input as the Minister of Telephones --

[Interjections]

No, No, it has shown a much better record under the Conservatives than it ever showed under Social Credit.

Never before has it shown as good a picture as it did in 1972. The input from the minister is to convey the general policies of the government, to make this facility available at the most reasonable cost in the most efficient way possible to the maximum number of Albertans -- at the same time, not to be a drain on the Treasury but a support to it.

MR. BARTON:

Just for clarification on gas co-ops. On November 7th, there were sixteen outstanding co-ops --

[Interjections]

MR. CHAIRMAN:

Mr. Dixon.

MR. DIXON:

I don't know, Mr. Chairman, they seem awfully touchy over there. They've got all the lawyers in the country over there and they are kind of worried. I wonder, Mr. Chairman, if the hon. minister would enlighten the House because this building is going to be built in Edmonton where AGT doesn't own a telephone. There are no telephones owned by AGT in Edmonton. I'm wondering why you would need a 60,000 square-foot warehouse?

Why couldn't you build in Leduc where at least the people in Leduc are Alberta Government Telephones subscribers? This government opposite goes to great lengths to say they want to diversify. Here is a chance to diversify, decentralize. Now why in heaven's name would you build a huge warehouse in Edmonton and make the same mistakes the former government made by building the head office here? Why don't we go and at least try to right this thing; and we're building it in Edmonton - especially when you are renting it. I think there is less reason to build it in Edmonton when you are leasing it.

And so, in all seriousness, you should build it in an area where we are using Alberta Government Telephones services. All you are doing is building an empire here which eventually will come along and Edmonton will talk you out of that like they did out of Jasper Place. So I'm speaking on behalf of all AGT subscribers outside the City of Edmonton. Our interests have to be looked after. Now, if the government is going to give them away, fine. Just because they happen to have 16 seats in Edmonton, and you want to give it away, that's fine. But I still think you owe some loyalty to the rest of Albertans who don't happen to be in the Edmonton area.

And so, Mr. Minister, I would like to know what this building is going to be used for, what is going to be stored in the building, what are you going to put in there when there aren't any telephones in Edmonton - and don't tell me that you are going to store some office furniture so you can add four storeys on the head office here. I don't want to hear that either.

MR. FARRAN:

Well, the hon. member's point is well taken and I sometimes wonder whether he is on the wrong side of the House, because many of his remarks are critical of the old government. I don't believe you can lay the blame at my door for the building of this huge AGT tower in Edmonton. If he would have preferred it in some other part of the province, it's too late now. And even York Shaw of Midnapore, the famous mover from the Calgary district couldn't move that tower now.

The existing buildings being rented by AGT are: the Aldritt buildings at a cost of \$2,520 a month, the Ness building at \$688 a month, the Highland building

at \$453 a month; a total of some \$44,000 a year. The estimates of requirements are for 60,000 square feet at least: the warehouse TT wire repair shop, central office repair shop, radio repair shop, stationery stores, and a small office. The west end of Edmonton was preferred because they wanted something at a reasonable distance from the 149 Street work centre, a circle of one and one-quarter miles in radius from 149 Street covered the preferred area.

Now you've got to recognize that AGT has a big business all around Edmonton, if it doesn't have business within the city limits of Edmonton. So in the interests of keeping down the rates, and as I've said we have one of the lowest rates in Canada if not North America, an efficient enterprise, it was deemed appropriate to rent a building for ten years. This is why AGT didn't build a building. They rented it for ten years so they could judge the growth of the area it was servicing outside, particularly the St. Albert area.

MR. WILSON:

Well, Mr. Chairman, to the hon. Minister of Telephones and Utilities. So that we can get on with helping to design a successful method of using the request for proposal technique for you, are you prepared to answer the questions?

MR. FARRAN:

What questions?

MR. WILSON:

What was the final rental figure quoted by all proponents, including the base-year property taxes?

MR. FARRAN:

Not until the contract is signed. I think I've told you that it will be in the neighbourhood of \$1.58 a square foot.

MR. WILSON:

Well, Mr. Chairman, to the hon. minister. He's telling us that he is not prepared to accept the low tender. He's saying that he's going to accept something other than the low tender. If it is in the best interests of the Albertans and the taxpayers in Alberta, then I think he should be prepared to stand up and tell us why he is not accepting the low tender.

He's not prepared, he says, to tell us what the rents were. He's not prepared to tell us the usable square-footage in the various buildings that were proposed. He's not prepared to tell us the size of the land. There seem to be a lot of questions that are left unanswered. And it seems to me that in the best interests of Albertans, he should come clean and just tell us the facts in this case.

Mr. Chairman, I invite the minister to answer these questions.

MR. FARRAN:

Well, at the risk of being repetitious, Mr. Chairman, the hon. member well knows that a request for proposal doesn't necessarily mean that you are going to take the low bid. The low bid could be some beat-up, old building that was constructed in 1890 and would certainly have a lower rent than the sort of building AGT is looking for.

MR. WILSON:

Mr. Chairman, how many proponents proposed on the basis of a building built in 1890? Surely the minister is being facetious and is joshing here, and is not being serious like we would expect a minister of the Crown when we are dealing with his budget estimates.

Mr. Chairman, we're talking about expenditure of the taxpayers' money of over a million dollars during the period of the ten-year lease. We're talking about forcing proponents to prepare, assemble land, prepare plans, arrange financing, compute rents, all within a month's time, maybe less. A month at the very most to prepare a rental figure on a capital investment that could range between a half a million and three-quarters of a million dollars and the minister treats us facetiously and says that it wouldn't be good enough if somebody proposed on a building built in 1890. Now that isn't a responsible

approach, Mr. Chairman, and I think the taxpayers of Alberta deserve something better than that.

There are circumstances about this proposal tender, namely the very short time that was allowed, the fact they are allowed to prepare the rent figures, the fact that it wasn't advertised in the paper -- if you heard about it via the grapevine you were allowed to send in a bid -- that seems to me to be a pretty poor way to make a decision on which to spend the taxpayers' money. And I invite the minister to make some constructive statements and let's quit being facetious about buildings that were constructed in 1890.

MR. FARRAN:

I don't know about constructive statements, Mr. Chairman. The last speaker is a constructor. But since he has asked for it, I'll give him a list of the presentation check points on -- that were taken into consideration by AGT.

Was the land owned or auctioned by the developer; was financing readily available to the developer for complete development; did the site allow for future building expansion; the existing zoning of the area in which the site was located; how readily accessible is the proposed site to main arterial thoroughfares; are access roads paved; location of public transportation and other amenities -- restaurants, shopping centres; will the quality of construction have any effect on maintenance and utility cost; a proposed commencement date of construction, an estimated completion date and a short call for the proposals, because we want the building completed by October; the penalty clause for not being complete and ready for possession by October 1, 1973; how flexible is the proposal for minor changes; does the presentation conform to AGT requirements; is the site serviced with utilities; what are the type and condition of adjacent developments; is the existing local development orderly or haphazard; if the site will accommodate other developments, what type of development is proposed; how many past projects has the developer been involved in; what are the existing landlord-tenant relationships? What are the maintenance costs in existing buildings; what other problems have been encountered; will minor changes have a significant effect on cost; does the proposal outline division of maintenance responsibilities -- landlord-tenant; parking arrangements; yard storage. All those are pertinent considerations.

MR. WILSON:

Thank you, Mr. Minister. Now we are getting some place. You mentioned that the reason for the short proposal period of one month or less was because you needed the building soon. Can you tell us what the circumstances were that necessitated a very quick decision? Why couldn't you have started the proposal calls sooner?

MR. FARRAN:

I presume the building could have been built in 1971 by the former government. But it is now the 'now' government, so we intend to build it and build it quickly.

MR. WILSON:

Well, Mr. Chairman, I am not particularly interested in --

MR. CHAIRMAN:

Mr. Wilson, Mr. Russell has asked for the floor, and then I'll get back to you. Mr. Russell.

MR. RUSSELL:

Well, Mr. Chairman, I have been listening to this debate with a great deal of interest. It seems to me the hon. member is concerned really about a tempest in a teapot. As I understand, he is attempting to make two points.

The first is that for some reason or another the lowest tender was not accepted. I think he knows, and all hon. members know, that even when a building is designed and put out for tender on a competitive basis for completely new construction, a standard clause in any tender called is: the lowest or any tender is not necessarily accepted. There are good reasons and there is a long history for that particular clause being used. Occasionally the person who is requesting the bids has very good reason or reasons for not wanting to accept the low tender. So that routine tradition allows for other

than the low tender to be accepted. In fact, you might even get a case where the high tender is accepted for a variety of reasons. So there is really no justification for getting excited about the fact that the low tender was not accepted. It is a perfectly normal practice used in all tendering procedures.

The second point he tried to make is that there didn't seem to be very much time for the tender proposal to be called. Well, I venture to say that there are several developers in the city of Calgary. If I had my program laid down, I could go into their offices, and within that same day have their prices back because that is how well they know their prices. About the only thing they have to do is line up a site and project property taxation costs.

You can go into an office -- Richfield Realty is a good one -- and sit down with the president of that company, and he will tell you right down to the last cent per square foot what lights, water, floor coverings, hardware and every other thing under the sun will cost you.

So listening to the argument I can find no substance in the fact that the lowest tender was not accepted. It seems to me that more than ample time was allowed, and what on earth is the hon. member so excited about?

[Interjections]

MR. WILSON:

The hon. Minister of Municipal Affairs gave us a very nice elementary talk on low tendering and so on, but the point is that if you accept less than the low tender there is a good reason for it.

SOME HON. MEMBERS:

Agreed.

MR. WILSON:

We are trying to determine what the good reason is. We are not saying there is anything wrong with not accepting the low tender if the reasons that go with it are valid. We are just trying to find out what the reasons are. And you say that all you have to do is line up a piece of land. You make that sound like you can do it in five minutes. Sometimes it takes a long time. In this particular proposal call, the proponent had to line up an architect or an engineer. And it's not always that you can get an architect to do a job on a moment's notice, either. So there are just all kinds of things that make this proposal call look like it may not be -- if this is standard policy -- in the best interests of Albertans. There should be more time than a month allowed to line up land, to have plans drawn, to have them approved by AGT, to go back and price them out, and to line up your financing, then to convert it to rents. Thirty days at the most is not a very realistic time, if you are interested in getting the best deal for Albertans. That's the point.

We're not arguing about the fact that the low tender isn't going to be accepted at this point. We're trying to find out what the mitigating circumstances are that make the low tender not desirable, or what the circumstances are that make something other than the low tender most desirable. We just asked for the Minister of Telephones to read off the eight rental bids. I'm not even asking him who submitted them. Just read off the eight bids and tell us why he likes the one that he has picked.

Another question to the Minister of Telephones and Utilities. Do you propose to have the successful proponent put up a development bond?

MR. RUSSELL:

Mr. Speaker, the hon. member still hasn't made a very good point --

MR. WILSON:

In your opinion, maybe.

[Interjections]

MR. RUSSELL:

Just a minute, now. We've had a dialogue between these two going on all night, and there are other members waiting to get their turns.

MR. LUDWIG:

What are you worried about?

MR. CHAIRMAN:

Order. Order please. Continue Mr. Russell.

MR. RUSSELL:

The hon. member did make a good point when he said that if this building was going to be designed, eventually, by an architect or an engineer, that certainly a lot more time would be needed and that is true. But in a request for proposal call, you certainly don't go through the whole working drawing process in order to find out what your final prices are going to be. The successful proponent will, no doubt, go to a designer, whether it is an architect or an engineer, and say: "Look, I've got a bid here. If I'm going to get 11 or 12 per cent return on my money per year, you've got to bring in this building for \$16.52 per square foot." And those would be the guidelines that the guy has to work to. I'm sure the hon. member knows this because of his business background -- that that's how the thing works.

And insofar as AGT going and hiring their own designer and going through the process themselves, I've had personal experience with that and I wouldn't recommend it to anybody -- the red tape and the bureaucracy you have to go through. I think that the request for proposal tender call makes a lot of sense.

But the hon. minister has given a whole list of reasons why not just the price per square foot is the thing that's involved -- from the characteristics of the neighbourhood, to travelling time, to places of work, to all sorts of things. Even the business background of the developer has to be given consideration. I repeat, Mr. Chairman, he is bringing up points which really have no validity, trying to prove, through a blast of hot air, that he's on to something. And he isn't.

MR. WILSON:

Well, Mr. Chairman, the Minister of Municipal Affairs is doing a nice job of running interference for the Minister of Telephones. But as I know the Minister of Telephones, he doesn't need that protection from the front bench there, and I would just like to point out to the Minister of Municipal Affairs that nobody is suggesting that there is anything wrong with the request for proposal technique if it is done properly. I never did recommend that AGT design the building. All I'm saying is, give the developers or the proponents an opportunity and sufficient time to get their plans drawn and to assemble the land and you will probably come up with better rents in the long run. And it's in the best interests of Albertans.

Now, to the Minister of Telephones, do you expect the successful proponent to put up a development bond?

MR. FARRAN:

Of course. Let me just put this together. First of all, the tenders were not considered for the following reasons: being a rented building --

MR. CHAIRMAN:

Order. Order, please.

MR. FARRAN:

It being a rented building, the development plans were the prerogative of the developer. Construction plans were controlled by the shape and size of the land parcels and by the developer's preference of materials and construction methods. Any AGT formal specifications might not have been compatible with the developer's overall plan. Completion and occupancy date by October 1, 1973 required an accelerated building schedule. This is correct, but the initial briefing was given on February 12, from February 12 to March 6 individual.

Between Wednesday, March 7 and Tuesday, March 13 the eight developers who put in proposals gave presentations and they were based on the information they got from AGT. They were evaluated independently by four different AGT departments on a 17-point evaluation and comparison sheet.

The one that is recommended, who has not yet got the contract, had the best location, from the point of view of roads and accessibility, had a better building -- it was pre-cast concrete as opposed to concrete block; there were staff conveniences -- a bus was near, a restaurant, a park, garages and so on; and the environment was better because this developer happened to control the local development round about.

MR. WILSON:

Mr. Chairman, thank you very much, Mr. Minister. I appreciate you giving us that information. Now would you just go the next step and answer the question, is the successful proponent expected to put up a development bond?

MR. FARRAN:

Yes.

MR. WILSON:

Thank you. Now, Mr. Minister, would you just read off the eight tender prices on a square-foot basis, please?

MR. FARRAN:

No, not until the contract is closed. Put in a Motion for a Return and I will give them all to you.

[Interjections]

MR. WILSON:

Mr. Chairman, perhaps the minister would advise us why he is hesitant when it is his decision not to take the low tender, to outline precisely what the eight tenders were? Would he go that far and just tell us that information?

[Interjections]

Mr. Chairman, I'm getting sick and tired of all these snide personal remarks from the Deputy Premier over here.

MR. HENDERSON:

I suggest --

MR. CHAIRMAN:

Order. Order, Mr. Wilson. Mr. Henderson.

DR. BUCK:

--and tell that loudmouth --

MR. CHAIRMAN:

Order, Dr. Buck.

Mr. Henderson, please.

MR. HENDERSON:

I suggest the Deputy Premier be instructed by the Chair to withdraw his remarks. He's imputing motive, it's entirely out of order.

It is characteristic of the Deputy Premier since he got on that side of the House, as soon as something goes on that he doesn't like, to start making personal attacks on the member, criticising it.

And it stands as a matter of record that as far as the government is concerned, the cabinet ministers, specifically in the eyes of the opposition, are guilty until they prove themselves innocent. That is the job of the opposition.

So when we turn around and hear the Minister of Municipal Affairs stand up and say: "It's out of order" and "It's uncalled for and unnecessary" to ask the Minister of Telephones to explain why he isn't accepting the lowest tender, I suggest that he is completely out of order. When the Deputy Premier turns

around and comes up with his remark, "Which one of your friends didn't get the bid?" and so on and so forth, that's entirely out of order and he should be instructed by the Chair to withdraw it. He knows full well it is unparliamentary and is not called for.

[Interjections]

DR. HORNER:

Mr. Chairman, it is not often I am disappointed twice in the same day with the Leader of the Opposition, but I really am. You know, to suggest it is not fair game to even question the motives of the opposition is something that I have never been exposed to before. Perhaps it is because of the weakness of the opposition, I'm not sure. But in any case, the hon. gentleman who has been carrying on the inquisition of course is a developer and would obviously be knowledgeable within that particular profession -- I'm not sure if they call it a profession or not. Perhaps the Leader of the Opposition would like to tell me what they call it --

MR. HENDERSON:

Would the Deputy Premier feel any better about it if I did it? I would be quite happy to go through and carry on --

AN HON. MEMBER:

Well, you couldn't do any worse,

DR. HORNER:

My friend, the Leader of the Opposition has made a valiant attempt to be a statesman this session, it really is very interesting. I really don't want to get him upset or anything like that, Mr. Chairman, but I think it is fair game. If my hon. friend from Calgary Bow wants to carry on the inquisition -- as I said earlier, he is trying to act like a lawyer because they are lacking in legal talent over there -- we appreciate that and we really laud the efforts of the hon. Member for Calgary Bow. We appreciate some of the problems he is up against, but at the same time that should not be -- you know, if they cannot stand the heat of saying "Well, who are your friends in the development business?", then they should not be here or they should not be asking the questions. It is as simple as that.

As I have said earlier, we are glad to hear about the Social Credit position on AGT. They would like to take it out of being a Crown corporation and put it where they would have liked to have had it, under their little thumbs so they could direct it. We are appreciative of that position. We finally got one position out of them. They would like to sell AGT, or bring it into the government as a government department, now --

[Interjections]

MR. HENDERSON:

Mr. Chairman, it is a matter of record which political party before the election was going to sell AGT, so let us not talk about that.

[Laughter]

I enjoy the exchange with the Deputy Premier but I don't really think it is very constructive.

I think the basic questions that have arisen have related to the fact that the minister says the decision has not been made and yet, there has been a letter gone out some time ago on AGT stationery, signed by an officer of AGT saying that the matter had been settled and the job had been awarded.

Now we find the minister has said that the matter has not been settled. I understand that after the matter was raised, now AGT has gone back to the people who were told that the matter was already closed, and has asked them to submit their information again. So what kind of ball game is going on, anyhow? This is all the minister has been asked to explain, and he really has not satisfactorily explained it. I assume there is a good explanation. I noticed he had all the answers before he got to the cabinet, but he seems to be somewhat lacking in some of them now.

I don't think the fact that he has been a minister for a very short time is really relevant to not coming up with the proper answer in this particular question. It is obvious he has all the information at his disposal, so let's ask the Deputy Premier to hold his chair, hold his asides, and I will do likewise and we will get on with the business.

MR. FARRAN:

Mr. Chairman, the reason that the proposals have been recalled is because I am a new minister. The question was raised by the hon. Member for Calgary Bow and I wanted to look into it and I have this right. I have only been in the post for three weeks.

MR. HENDERSON:

Say so.

MR. TAYLOR:

Mr. Chairman, I want to make one or two remarks relative to what the Deputy Premier said: "Which one of the friends did not get it?" If we wanted to be just as naive, we could say, "Which one of your friends did get it?"

That is not the point. That's beating around the bush. This is a public tender. AGT was set up as a Crown corporation when I happened to be Minister of Telephones, and the minister was made the chairman of the board so he would be answerable to the Legislature and know the answers in the Legislature.

Consequently, I find it difficult to accept the fact that this is a Crown corporation and we are not entitled to the answers. Now if the minister wants more time to look up the answers, that's a different thing entirely, and I think he is entitled to that because it is a big corporation and there are a lot of items involved.

The other point I would like to discuss for a moment or so, is that apparently eight firms were invited to make requests for proposals. I would like to know how the eight were chosen. This is a segment of these requests for proposals with which I do not agree. If it is only certain people who are going to have the opportunity to put in a request, this just is not right. Why can't a request for proposal be published in the newspaper and have all and sundry who want to bid on it bid on those 17 points? That is fair and you get a request for a proposal from everybody, not just those who happen to be known to the corporation or to the particular department.

There is one other point I would like to mention, based on what the hon. Minister of Municipal Affairs mentioned -- the elementary point that every tender contains a section that the lowest or any tender need not necessarily be accepted. This is right.

But in the Department of Highways, if the Minister of Highways doesn't accept the lowest tender, he sets out the reasons in an Order-in-Council, so that everybody knows why the lowest tender isn't accepted. It becomes a government decision, not just a decision of the minister. It becomes completely known to everyone why the second or third highest tender was accepted and not the lowest. That's really all the hon. member is asking. Let's set out all the reasons why one is being chosen.

We have some of them. I can't see a reason in the world why we can't have the price per square foot for every one of the tenders for each of the 17 points if that be. Certainly one is going to stand out conspicuously at the end. But I'm still wanting to know why everyone -- why other firms weren't entitled and had an opportunity to get in on this too. Maybe we left out someone who could have given us the best price.

DR. BACKUS:

Mr. Chairman, I'm delighted to hear both the hon. Member for Drumheller and the hon. Member for Calgary Eow condemning this method of --

MR. WILSON:

Point of order, Mr. Chairman. I wasn't condemning this method of request for proposal technique at all. I was asking questions to clearly indicate the policy the government was using in the request for proposal technique. Let's get the facts straight. I wasn't condemning the request for proposal technique one iota.



DR. BACKUS:

I think it was very clear to those who listened to this bit of debate it was pretty obvious the person said that in fact he did think there was something irregular about this way of doing it. It left it open to criticism, I commend him for saying this because, of course, this is the way the government had been obtaining leased space for many years. The very points that were brought out have given rise to the Department of Public Works in looking for leased space to search for other methods such as an open type of tendering --

MR. HENDERSON:

Mr. Chairman, which department's estimates are we on at the moment? Have we changed in the minute or two that I went out? What are we talking about, Public Works?

DR. HORNER:

Point of order. When the heat gets a little hot the Leader of the Opposition should keep his seat.

MR. CHAIRMAN:

Dr. Backus, please continue.

MR. HENDERSON:

I was asking on a point of order, which departmental estimates are we studying, Public Works or Telephones? Maybe we changed the appropriation when I went out.

DR. HORNER:

Obviously, Mr. Chairman, the Leader of the Opposition is a little bit leery about what he's going to hear.

MR. HENDERSON:

Mr. Chairman, I wasn't addressing the question to the Deputy Premier, I was addressing the question to the Chair.

MR. CHAIRMAN:

Telephones and Utilities and tendering, I gather.

DR. BACKUS:

We do seem to be discussing tendering methods --

MR. LUDWIG:

On a point of order, Mr. Chairman. I believe if you would become acquainted with the rules in committee that relevance is important, but at least we should stay in the department we are dealing with instead of trying to get the heat off the Minister of Telephones by a lot of garbage that has nothing to do with the debate.

You are one who kept telling me, when I got up, to be relevant. What has this got to do with the point that Mr. Wilson made so well? Certainly every time something is embarrassing to the government the Deputy Premier gets up and starts ranting about the thing. The fact that the government is embarrassed and it obviously is, does not mean that it is either improper or out of order. So, Mr. Chairman, let's stick to relevance which is a previous ruling of yours and let's get on with the debate.

DR. HORNER:

Mr. Chairman, on the point of order. If we stick to relevance the hon. Member for Calgary Mountain View might as well go home because he hasn't been very relevant in this session. But the point is, of course, that every hon. member in this House has an opportunity, surely, to have his say. Now both the Leader of the Opposition and our legal friend from Mountain View are trying to shut up the Minister of Public Works when he is trying to explain the situation -- for some obvious reason I don't know.

MR. CHAIRMAN:

Dr. Backus, please continue.

MR. LUDWIG:

Mr. Chairman, to speak to the point of order. I would like to advise the hon. Deputy Premier that he makes reference to the number of professional people on this side. If they have such an array of legal talent on that side how come there is so much trouble, in so short a time?

MR. CHAIRMAN:

Mr. Ludwig, may we deal with --

MR. LUDWIG:

I'm answering the Deputy Premier, Mr. Chairman.

MR. CHAIRMAN:

No. The point of order has been considered here. May we permit Dr. Backus to speak on the subject?

[Interjections]

There's no point of order. Dr. Backus, will you please continue.

DR. BACKUS:

As I was saying, I commend the efforts on the part of the two members on the opposite side bringing up this point because I feel it is a very good point, one that we have certainly been concerned about as a matter of fact. We are seeking fairer methods than those that have been practised for the past many years.

I would just like to say, however, that I do see many problems in trying to develop a new technique in getting rental space, and this is why there is a wide difference between calling tenders and calling for proposals. Calling for tenders is a much different practice. This can be done by public tender. But when you are calling for proposals, I am sure the Member for Calgary Bow realizes - and he is just trying either to drag a red herring across the track or expose his knowledge on the matter. He knows perfectly well that the actual cost per square foot is not the factor, and I feel that in fact the minister has already pointed out some 17 reasons why the lowest square footage was not accepted.

With regard to the other observations about the amount of garbage, I think we've tolerated far more garbage from other quarters so far this evening.

MR. WILSON:

To hon. Minister of Public Works I say, thank you for your kind remarks. I wonder if you knew, when we were asking for the square foot figure, if it was rent we were asking for and not construction costs?

And now to the Minister of Telephones. I see you have been trying to get up to answer my last question, and would you now do it please?

MR. FARRAN:

Not to give you a list of the rents per square foot, because I've told you I won't do that until the contract is signed. But I did want to respond to the suggestion that this is embarrassing. Why on earth you should think it embarrassing, I just don't know. There is not enough here to embarrass a blushing bride who has never been kissed. Honestly, there is nothing --

[Laughter]

But the hon. Member for Drumheller wanted to know why there was not a sort of wide call for requests for proposals. It is because the space AGT wants to rent is in a particular location. So, presume it has to be on vacant land if it's to be a new building. It's pretty easy to find out where the vacant land is. If a building was to be demolished to make way for a new building it would be unlikely that the rents would be competitive. So owners of vacant land were contacted and invited to respond. Other developers did find out, and two of

them had options on the same land parcel. And two developers actually quoted a building on an identical piece of property.

MR. WILSON:

Mr. Minister, thank you very much. If you won't give us the eight bids, would you give us the high and the low please?

MR. FARRAN:

If you'll promise to get on to the next item of the estimates, I'll give this to you.

DR. HORNER:

If you can't stand the heat, get out of the kitchen.

MR. FARRAN:

The low bid, taxes and insurance included, was \$1.54 1/2 and the high bid was \$1.80.

MR. WILSON:

Mr. Chairman, to the minister, thank you very much. Were the specifications in your opinion as the new minister, overly restrictive, because you mentioned that the site was in a very small area where there was vacant land? In your opinion, if the specifications for the location hadn't been so restrictive, do you think you could have used more bids and do you think there was a possibility you could have had a lower rental?

MR. FARRAN:

As a business man of some years experience, I think this was a pretty good business deal and I see nothing wrong with it whatsoever.

MR. DIXON:

Let's go back to the location of this building. Why is it so essential? The more I listen to your arguments I'm more convinced that you are going to make the decision on location rather than on place, and so I'm wondering what studies were made. It may be a desirable location, but is it so essential that you couldn't have moved it somewhere else? I'd like that answer and then I'll follow it up.

MR. FARRAN:

[Inaudible] ... really get down to running AGT and keeping the rates down, I think you should resign as an MIA and apply for a job.

The West End was required and the reason for this, as I said before, is that a one and one-quarter mile radius of the 149 Street work centre is a preferred area. You don't want people to travel too far, either from the base to work, or from work back to the base, because the production line, travel time, and so on, are very important cost factors in any business.

MR. DIXON:

Well, this has to be the most inconsistent government in the world. Last week when we were discussing an estimate, they said they were moving the work area of the Highways Department to Airdrie. They do repair work like you are going to be doing in this establishment and apparently you have to be within a block or two of a certain area. I can't get the essential part of having it in that particular location. And I can't see why this thing can't be decentralized.

MR. FARRAN:

That's too bad, I can't explain it to you any more.

MR. DIXON:

I'd like a better answer as to why this thing can't be decentralized and moved out of Edmonton altogether.

MR. FARRAN:

Oh, well, I can give you the answer to that, Mr. Chairman. We have to house this in Edmonton to take care of the blunder of the old government when they built the AGT headquarters here.

MR. DIXON:

Now, Mr. Minister, let's be sensible --

MR. TAYLOR:

If it wasn't for the old government, they wouldn't be anywhere.

MR. DIXON:

Now listen, it's sure nice that we've got the old government to blame for all your problems you seem to be having today. But I still say, as far as the head office of AGT is concerned, what have you got in the head office but a lot of desks and this, that and the other thing? Most of your equipment is based in Calgary and the rest of the province. Edmonton Telephones has all the major equipment within its boundaries now and we've also added a little bit to them that AGT had.

So I think we've got to be serious in this thing and I cannot see why the location is so essential. If you're going to use that as an excuse to give the contract to somebody who is not the lowest bidder, well, why don't we be honest and say so and get it over with? But I really feel that if your government, Mr. Minister, is serious in this decentralization, you could certainly start right here. Because I'm sure that Wetaskiwin, or Athabasca, Fort Saskatchewan, or anywhere else would love a 60,000 square foot building where there are going to be people working. And you worry about restaurants? You don't seem to worry about restaurants and --

MR. FARRAN:

Do you want them to drive from Fort Saskatchewan with their supplies to St. Albert?

MR. CHAIRMAN:

Order, Mr. Minister. Let Mr. Dixon complete it.

MR. DIXON:

I can't see the difference, Mr. Minister. If the Minister of Highways says that we can move a repair shop handling a lot heavier equipment than you're handling in the AGT building and you've got to have such a close location -- it's got to be within three or four blocks. And yet you can move heavy equipment and a heavy repair depot with people who have been working in that department for 30 years up to Airdrie.

Now I'd like to know how this --

MR. FARRAN:

Well, when we have more time, Mr. Chairman, I'm ready to sit down with the Member for Calgary Millican and by the old math give him a lesson in business and costing and all the rest of it.

MR. DIXON:

Ho, that's what I'm interested in.

MR. HENDERSON:

Well, Mr. Chairman, we've no objections to the minister demonstrating his expertise and doing it now. That's what this exercise is about -- an opportunity for him to demonstrate how expert he is. So feel free to do it. Again, if we want to talk about the 36-year record we're happy to do that. So let's not be so demure about it, Mr. Minister. I suggest let's start the lesson right now.

MR. HINMAN:

Mr. Chairman, I need a lesson in business too and maybe the rest of the House could profit from listening in. I want to ask the minister, does the Alberta Government Telephones Corporation pay income tax?

MR. FARRAN:

I'm not sure. Off the cuff I think that municipal and government-owned utilities don't pay income tax and this is why we've had a refund for the private corporations that fits them into line, the private utilities.

But I'll find out for you. I'm sorry I don't know.

MR. HINMAN:

Mr. Chairman, I think the minister guessed right.

My next concern is, does the minister know whether or not inflation is going to continue? Is he convinced that it won't?

MR. FARRAN:

No, I'm convinced that it will. You and I share the same opinion, I think.

MR. HINMAN:

Thank you, Mr. Minister. Now for the lesson in business. The old government made some mistakes and you go on compounding them. You don't even wait. What I am concerned about is the Alberta backing of the Telephones Corporation which can borrow money cheaper than any private investor can. In 20 years this building will be worth 160 per cent of what it costs now. When your lease runs out the rents will double, largely because of inflation. It just seems completely unbusinesslike, to me, for this government to be proposing to rent a building of that type for that length of time.

As far as the location is concerned, we are all quite aware that miles don't mean everything. Once things are in trucks or people are in cars, they may be, in some areas, two minutes a mile and in others five minutes a mile. I don't think that is any reason for this decision.

My chief concern is, that if you are going to lease this, somebody is going to charge the interest costs into it. Somebody is going to charge depreciation which becomes complete profit. Somebody is going to end up with a building worth 150 per cent of its current value at the expense of the people of Alberta. Now if somebody can give me a logical business lesson that makes me believe that this is wisdom, I am here to learn.

MR. FARRAN:

Your points are well taken, if it were a building in a location where you are absolutely certain the use will continue over the years. I can remember in the City of Calgary that fire halls in the central part of the city become outmoded and had to be rented for the legion, and so on, for \$1 a year; fresh halls have to be built on the outer limits as the service areas expand.

In this particular case AGT is not sure of the location. It is sure for about ten years but it is not certain of the direction of events and of the areas surrounding Edmonton. So it takes a calculated risk. I have been looking at the possibility of lease-back option and this is perhaps one of the reasons that the contract has not been signed -- where there was a possibility of an option to purchase at the end of the lease which, of course, is standard practice for people in the consumer business, the Safeway stores and drug stores where they are not certain of the length of duration of the requirement.

MR. HINMAN:

Mr. Chairman, I understand all these aspects of it. The people who are tendering this are not people who haven't considered all these aspects and it is their firm conviction, you'll be sure, that this building will have a very great residual value in the fact that it is just a warehouse. It isn't like something designed for a special use. If the minister can get written into it a purchase agreement, if this is a purchase option agreement, then perhaps it's worth risking the extra cost involved in the financing and depreciation. Otherwise I still say this is one of those errors that government can make in trying to justify by saying they are supporting free enterprise.

MR. HENDERSON:

Mr. Chairman, I would like to ask the minister a question. He indicated the reason they are going the leasing route, because there is an uncertainty in the future development of Edmonton. Did he imply by this the uncertainty route to the developments involving Alberta Government Telephones in the vicinity of Edmonton, because of the commitment that has been made to allow the city to expand to its natural boundaries insofar as telephone services are concerned? What is the element of uncertainty he refers to?

MR. FARRAN:

There is an element of uncertainty in Alberta's entire growth, whether we break the computer projections and stop the dwindling of rural population and so on.

MR. HENDERSON:

Well, Mr. Chairman, that relates to everything that goes on in the province and is really not particularly relevant to whether you lease or whether you own. If one wants to make it that broad, that really is meaningless insofar as an explanation of what the minister meant by the word 'uncertainty'. Is it uncertainty as it relates to Edmonton and uncertainty as it relates to Calgary? I shudder to think that the minister is that uncertain as to the future of this province, if he can't make a decision as whether to rent or to buy.

MR. WILSON:

The minister wanted to reply.

MR. FARRAN:

Well, it's a value judgment. If AGT had built the building itself, it might have cost some \$1,200,000. The rents that have come in are very competitive rents for warehouse space in the present-day market. It's most encouraging -- the square-footage charge per month. None of us can look into the future and be certain that Edmonton Telephones, for instance, won't find this particular utility which is very capital intensive a burden in the future and they may want to sell it. Who knows?

MR. WILSON:

Mr. Chairman, to the hon. minister. Could you advise us what square-foot figure AGT used for the base-tax rate?

MR. FARRAN:

Sorry, could you repeat the question?

MR. WILSON:

Mr. Minister, could you tell us what square-foot figure AGT used to add to all of the bids for the base-tax rate? Like 20, 25 or 30 cents a square foot. Could you tell us what the square-foot figure was for the base-tax rate?

MR. FARRAN:

I can only give you a ball park figure. It's around 11 cents.

MR. WILSON:

The base-tax rate was 11 cents?

MR. FARRAN:

Well, I said that some of the bids were around \$1.58 -- their net bid would be \$1.47. You add 11 cents for taxes and insurance, roughly.

MR. WILSON:

Well, Mr. Chairman, to the minister. Was that a common figure that you applied to all of the bids -- the net rental figure that was submitted?

MR. FARRAN:

Aw, come on, Mr. Wilson, the buildings are different -- different sizes on different pieces of land. How could they be the same? Property tax varies according to the property.

MR. WILSON:

Well, Mr. Chairman, to the minister. Did AGT add the rate for taxes to the various proposals or did you ask the proponents to add the base rate and tell you how much it was?

MR. FARRAN:

It was calculated separately by both the proposers and AGT checked it for each of the eight bids.

MR. RUSTE:

Mr. Chairman, to the minister. What is a comparable rental rate in, we'll say, some of the smaller rural areas?

MR. FARRAN:

It would be considerably less. You could get warehouse space in some of the small towns for as little as 75 cents a foot.

MR. TAYLOR:

Mr. Chairman, did I understand the minister to say there was definitely going to be an option to purchase when the decision is made?

The minister is shaking his head, no. I'd like to suggest that this is, I think, a very essential item, particularly in view of what the minister said just a couple of minutes ago, that Edmonton might change its mind and want to sell Edmonton Telephones to AGT. That's all the more reason to own this building in the City of Edmonton.

I would suggest that when the final decision is made that an option to purchase, taking into consideration the rents that have been paid during the five, eight or ten years, be a definite part of that agreement.

MR. FARRAN:

Thanks for the advice. I'll take it into consideration.

MR. LUDWIG:

Mr. Chairman, in subcommittee there was some discussion with regard to the coaxial TV operation of AGT and the matter of dealing with the communication and computer data.

MR. FARRAN:

What question relating to that --

MR. LUDWIG:

I wonder whether the advent of CN and CP into these fields is going to affect the future plans of operation of AGT?

MR. FARRAN:

I'm sorry, I got the subject, but not the question.

MR. LUDWIG:

Dealing with the issue of coaxial, cable TV and communications in Alberta in the AGT field, will the advent of CN and CP into these fields have any adverse effect on the plans for expansion of AGT?

MR. FARRAN:

Well, the CN-CP network is a competitor in the transmission of computer data with Alberta Government Telephones. There is no doubt about that. The whole question of jurisdiction of a communications network within Alberta's

boundaries will be the subject of a conference of provincial ministers in Calgary at the end of May and subsequent meetings with the federal authorities, probably in the fall.

A recent green paper was issued by the hon. Mr. Pelletier setting down a basis for a dialogue with the provinces.

MR. LUDWIG:

Is there any plan for expansion of AGT at the present time in these two fields, the transmission of computer data and the coaxial cable field?

MR. FARRAN:

Yes, there is a relationship. Coaxial cable can be used for many different communications purposes. It can be used for two-way transmissions, the transmission of computer data, and it can also be used for meter reading or turning on the roast in the stove while you are at the office. There are all sorts of applications for coaxial cable. It consists of a rather thick cable containing many smaller cables, each of which is capable of taking as many as 200 impulses.

MR. LUDWIG:

In view of the fact, Mr. Minister, that the franchise position of AGT is being threatened, according to your replies, do you anticipate that this competition would tend to keep prices down or would it tend to force prices up if AGT's monopoly position would be threatened by CN-CP?

MR. FARRAN:

Well, we haven't got a monopoly position because the CN-CP communications network comes under the aegis of the federal government, the Canadian Transport Commission. Mr. Pelletier suggests in his green paper that this responsibility be transferred to the Canadian Radio and Television Commission. There is no monopoly. The difference is that AGT is required to provide the regular consumer service over the telephones which is perhaps the less lucrative part of the communications business, while CN-CP specialize in business communications which is more lucrative.

CN-CP rates are not subject to scrutiny by the Public Utilities Board but AGT rates are.

MR. LUDWIG:

Mr. Chairman, to the Minister. Is the Public Utilities Board, at the present time, reviewing any of the rate structure of AGT?

MR. FARRAN:

It's an ongoing process for each rate area. When we announce the extended area telephone service position in the near future, the PUB will be setting new consumer rates for those areas.

MR. LUDWIG:

Therefore, Mr. Minister, according to your answer, it is possible that in some areas of Alberta there may be increased charges for services or for subscribers?

MR. FARRAN:

Yes, there may be an increase in the flat monthly charge. Previously it has been an increase of about 50 cents per residential phone user where EAS has gone in, but these rates are subject to review by the Public Utilities Board in accordance with the cost of service in the particular franchise area.

MR. LUDWIG:

So, Mr. Minister, when we discuss any increases in AGT rates it depends on cost of servicing, according to your answer. Is that correct?

MR. FARRAN:

When you are talking about an increase in AGT rates, there is no immediate prospect for an increase in general rates. What we are talking about in



extended area telephone service is a reduction in rates and probably a loss in revenue in the order of two or three million dollars a year. There is some offsetting recovery by a slightly higher monthly charge to the users.

MR. LUDWIG:

Mr. Chairman, prior to the sale of AGT assets or the turnover of AGT assets to Edmonton Telephones, was there considerable advertising and considerable information available from reports and studies indicating that ET, the Edmonton Telephone system, was paying several million dollars a year to general revenue of the City of Edmonton? Because, I believe the City of Edmonton is prepared to pay a price for the AGT operation in Edmonton, which is a very large operation. Is it not reasonable to assume that Edmonton Telephones expects to make considerable profit out of the AGT operation in Edmonton?

MR. FARRAN:

Well, I think you are comparing apples and oranges, really, in a way here. Utilities, as I have said before, are very capital-intensive. This is why Bell Telephones has debenture issues two times a year, in the last year.

Certainly, on a short-term look at any telephone system, if you don't plow money back into technological advances to increase the capacity of your system, you can make a short-term profit. In the long term it is doubtful whether this is good business sense.

I am not saying that Edmonton Telephones is in dire need of capital injections to keep pace with modern times, the increased load on their telephone system, but the question does arise in one's mind.

So far as AGT is concerned, it has made a return in excess of 6 per cent on its earnings and its rates are very low. The Edmonton rates were recently increased by 16 per cent. There has been no increase in AGT rates.

Of course, at the same time you can say there is a measure of sharing or cross-subsidization between town and country within the AGT system which has a franchise throughout the province. Certainly long distance telephone calls form a substantial part of AGT revenue.

Incidentally, someone asked earlier -- does AGT pay income tax? No, it does not. It pays property and business tax.

MR. LUDWIG:

Yes, Mr. Minister. It is obvious, though, that ET did not have long distance toll revenue and notwithstanding that it showed, at least on its books, a substantial profit. I am suggesting that now that they purchased a rather more modern set up from AGT, it is quite believable that they will continue to reap even larger profits from the whole ET operation.

MR. FARRAN:

Well I do hope so, for the sake of the people in Edmonton, I think they run a pretty good show.

MR. LUDWIG:

Well, Mr. Chairman, I am also of the opinion that AGT ran an excellent show and it is amazing how the minister can tell us if we sold Edmonton a money-loser, and now he is hopeful that they will turn in big profits.

Mr. Chairman, during the subcommittee hearing a question was put to the minister whether any cost benefit study has been made with regard to loss of subscription rates and service rates to AGT. The minister advised me, "I just have to tell you that I haven't got such information in front of me at the present time." I then countered and said, "I am not even insisting that you have it, I just want to know if this cost study has been made, and the answer is 'yes' or 'no' or 'it is being made'. I don't want an explanation, I want an answer."

MR. FARRAN:

The answer is yes.

MR. LUDWIG:

Mr. Farran, the answer is yes, there was a cost benefit study. Then I said, "Is it being made or has it been made?" Mr. Farran: "The cost study was made before the deal was entered into." When I continued to press the question, Mr. Chairman, Mr. Farran replied -- I said "Can we have a report or an answer of the study?" Mr. Farran said "No." I said "Why not?" He said, "Because AGT is a Crown corporation and I respect the board of directors of AGT. I would have to tell you I don't consider it part of the duty of the Minister of Telephones to enter into arrangements on their behalf if they are a Crown corporation."

Now that we have overcome that obstacle, it has been quite well established and admitted that the minister is obliged to give answers here on these questions. Can the minister advise us or give us a few remarks on this projected study so that we may know some of the details of the sale of AGT to ET?

MR. FARRAN:

No, my answer is still the same. Since it is a Crown corporation, I don't want to harm it in the light of competition, which you just so ably pointed out comes from other communication services.

Secondly, I wouldn't want to give any details of a cost benefit study in relation to Jasper Place because the negotiations with the City of Edmonton are not complete.

MR. LUDWIG:

But, Mr. Minister, you are saying that there are projected figures as to the loss of revenue, et cetera, to AGT from the sale?

MR. FARRAN:

Of course. I told you there were 25,000 telephone systems in Jasper Place, which would be a loss to the AGT system.

MR. LUDWIG:

I'm amused at the minister's behaviour. He said a few minutes ago that he can't answer me because it might reveal some information that would not be in the interest of the people and now he turns around and gives me an off-the-cuff figure. Is the 25,000 loss of subscribers only in Jasper Place or in the whole AGT operation turned over to ET for the whole City of Edmonton?

MR. FARRAN:

I think the population of Jasper Place is common knowledge. I don't believe I'm telling any tales out of school.

MR. LUDWIG:

Is that the total extent of the AGT operation turned over to ET or has Edmonton Telephones expanded entirely to its boundaries now in all areas of Edmonton where AGT previously had installed telephone systems?

MR. FARRAN:

I don't know, you're asking the same question over and over again, Mr. Chairman.

MR. LUDWIG:

No, Mr. Chairman, I'm not. What is the total number, not just in Jasper Place? I believe AGT turned over more assets than only Jasper Place assets to ET. What is the total number of subscribers that we lost to ET as a result of the turnover?

MR. FARRAN:

Twenty-five thousand telephones and the evaluation report will be complete by June 30.

MR. DIXON:

My question is on a little different subject. In Telsat Canada Limited, AGT has quite an investment. What is the amount of that investment and when can we expect a return from the investment? Most of it, as your report mentions here, is for outside the province in the far northern areas.

MR. FARRAN:

You had it in the annual report, but I'll give it to you. The AGT investment in Telsat Canada is some \$1,900,000. It was \$1,399,000 at the end of 1971 and a further \$466,000 was paid in 1972.

The pay off for Telsat Canada will come, although it may sound in the area of science fiction, when it comes into operation for the north. It is Alberta's hope that it will improve the communication field in northern Alberta.

MR. DIXON:

Do I take it, Mr. Minister, that the deal was really sold some years back with the idea of serving northern Alberta rather than the far north, and I'm talking about the Northwest Territories. It's more in northern Alberta?

The other question I would like to ask is this. You were talking about a \$2 million profit, most of which you attribute to the long distance telephone rates. What about our involvement with cable television? We should show a fair profit on that. We have a lot of coverage in Alberta.

MR. FARRAN:

I have to confess there is not much profit in the cable system at the moment. We bid on a cost-for-service basis where there's just a very small markup and we are in fierce competition with CN-CP and the operators themselves.

But you are correct on long distance messages. The percentage increase over 1971 and 1972 was 15.3 per cent.

MR. RUSTE:

Mr. Chairman, to the minister. Earlier you referred to the slightly higher rate for the extended service. Did I get you right on that? What is the basis for increasing the rate? Is it the number you serve or what is the score?

MR. FARRAN:

Yes, it's on cost-for-service for the particular toll area, but the previous custom under -- EAS, which as you know was discontinued by the former government in 1969. Prior to that it was an extra surcharge of 50 cents a month to \$4.50. There is a loss in revenue from the loss, of course, of the toll call and this really means a net reduction in rates to the consumer. He may pay a small monthly charge but his total telephone bill is considerably less than it would be if the extended area of telephone service was not applied.

MR. RUSTE:

Well, Mr. Chairman, again to the minister. We'll take, and I'll use as an example the city of Red Deer, where you have a high concentration of people. You get an extended service area out in one of the most remote parts of the province, do you think that's fair then, charging them extra just because they are out where there is very low population density? Whereas the individual in the city of Red Deer or that adjacent area has within his phone call literally thousands compared to what the other one paying for in extended area service and an extra fee for a few more.

MR. FARRAN:

Well, of course, this government is going into the extended area telephone services. I say it was a program that was abandoned in 1969 but did have some success prior to that. It's going into it in a much more vigorous fashion in the interests of fetching some degree of equality in telephone service between town and country. Part of our thrust is to diversify our industry to restore prosperity in the empty rural areas. In order to do this they have to have an infra-structure of utilities. Gas and telephones are my responsibility.

MR. RUSTE:

Well, Mr. Chairman, when you look into the annual report I think it refers to the fact that either this year or next year the buried cable system is complete and I think the only sane thing to do following that is to go into extended service. And I think that was the intent of the former government, if I may say so.

MR. FARRAN:

I don't know why they quit in 1969. They were doing it on a pretty regular basis albeit over a pretty small distance. I think it started with twelve miles, then went to fifteen. But they did quit in 1969 when the crunch came. At the same time, they applied the Clark plan to education and the crunch on the hospitals. They also applied it to the telephones in 1969.

MR. DIXON:

I'm quite interested, what are we going to move away from the City of Edmonton by way of services now that the City of Edmonton is taking over more territory and will continue to do as the city expands? I'm thinking for example, is there any consideration given to moving the accounting and billing department to Calgary where most of the customers are rather than in Edmonton? Services like that -- I'm saying this in all seriousness -- are we looking at, like Imperial Oil and a lot of these other companies, they decide to move parts of their operation down to Calgary, and we're building the new building down there, I know it's not to do with office building, but I can't see any reason why we can't have some of these services where the customers are.

MR. FARRAN:

Well, Mr. Chairman, I admire the persistence of the hon. member. I wonder where he was in 1970 and 71?

MR. DIXON:

I guess I better fill the hon. member in, Mr. Chairman. Because I'm one on this side of the House that when I was over there publicly opposed the building of the AGT building in Calgary. I mean in Edmonton. And I will continue to say that and it was a wrong move, I have no objection to it if we owned the Edmonton system. But we didn't own the Edmonton system.

What I'm saying to you, Mr. Minister -- we thought we had an agreement, the 1951 agreement, which would have held Edmonton to an area where I think they could have said, well, you shouldn't take away the head office because we are only going to go to the '51 agreement. But apparently the '51 agreement, which I think a good agreement and should have been held up, it was on a very flimsy excuse that they got it into courts on a technicality and broke that agreement. And so I think that now that we've established a fact and the bill we passed in 1972 authorizing the City of Edmonton to take over all present AGT installations in Edmonton plus any other installations in the future.

I think, in all fairness, we should be giving serious consideration to moving, whenever possible, any type of the AGT operation that can be used in some other part of Alberta. And I'm not saying these should be in Calgary, but I think the fact that the most of the customers are there, I can see no reason why all the customers have to contact and be processed through Edmonton rather than Calgary. And I think we should be looking at some of those things to move them back to Calgary where they belong.

MR. FARRAN:

That was a debate, not a question, I guess.

Earlier, apparently, by a slip of the lip, I said that rates were set on rate basis by AGT, I meant by Public Utilities Board. AGT doesn't set any rates.

And I also misled the hon. Member for Calgary Bow over the number of cents per square foot for taxes. It's 24 cents per square foot and 2 cents for insurance.

MR. WILSON:

Mr. Chairman, to the hon. minister. Thank you very much, you're a big man to admit your mistake.

MR. DIXON:

I wonder, seeing as the minister is not going to answer my question, I wonder if I could ask him this question. Is AGT, through you as the minister, are you going to make a concentrated effort to take a serious look at moving or at least stopping growth of AGT installations in Edmonton for non-essential services that could be placed elsewhere?

Now I think this should be answered because we have people who are quite concerned, who feel that AGT, if it's not going to have anything to do with Edmonton, should be moved outside the City of Edmonton wherever possible.

MR. FARRAN:

Well, I'm wholly in tune with the endeavours of the hon. George Topolnisky, Minister without Portfolio in Charge of Rural Development, and I'll be looking at the possibility of increasing the already quite heavy AGT disbursement through the province.

MR. DIXON:

I was wondering, one final question, Mr. Minister, and it's to do with the -- not the telephones so much of AGT -- but the computer services. Now could you tell me, is there going to be a concentrated effort to move more and more of the computer services to Calgary, where they should have been in the first place? What are we doing about that?

MR. FARRAN:

I'm sure you would like me to move AGT tower there, but I've told you that even York Shaw couldn't do it.

The computer data transmission business is already largely centred in Calgary for the simple reason that there are so many head offices of the oil companies in Calgary. Of course, there is also a demand in Edmonton. Some of the transmission of data goes to their field offices which are largely concentrated in Edmonton. So it's disbursed between the two cities.

MR. CLARK:

Mr. Chairman, I'd like to ask the minister, what will be the future role of AGT as far as radio station CKUA is concerned?

MR. FARRAN:

Well, CKUA is operated and financed at the moment by AGT. I think the hon. member is aware that this is part of the jurisdictional dispute with the federal government, that the CRTC claims complete jurisdiction over radio and television outlets.

The government's present proposal is to put it under the aegis of an educational broadcasting authority since education is wholly within the jurisdiction of a province, without any dispute.

I believe that it's probable that the educational broadcast authority will subcontract for technical help from AGT. This is a jurisdictional dispute and has nothing to do with program content.

MR. CLARK:

Mr. Chairman, just following that along. Does the minister subscribe to the position the government of Canada has taken? I'm sure the minister is well aware of the position taken by the Provinces of Saskatchewan, Manitoba, and especially the Province of Quebec.

MR. FARRAN:

Well, the late hon. Len Werry took quite a lead in this combined position of the provinces and I hope to try to fill those shoes. They are pretty big shoes to fill.

MR. CLARK:

Just following that along then, Mr. Minister. Has the federal government given an ultimatum? Or the CRTC, have they given an ultimatum to AGT or to the government to your knowledge, saying, in fact, this change has to take place,

and that is taking CKUA out of its present circumstances and hoisting it into in another situation.

The reason I ask this is that the minister is well aware that the question of CKUA and its future has been a matter of a continuing wrangle between the federal government and the province for years and years. Really what I am asking is, what brought this to a head this particular year?

MR. FARRAN:

I don't know if the hon. member has had a chance to read Mr. Pelletier's green paper yet. We will be responding to that some time shortly in the House. Of course, it will be a subject of discussion with all the provincial communications ministers in Calgary at the end of next month.

The position, I say, is perhaps a little more critical than it has been in the past. I wouldn't call it an ultimatum. There is a dialogue but it is a dialogue which very clearly points to the desires of the federal government, through the CRTC, to have pretty close control over communications right across the country.

MR. CLARK:

Mr. Minister, has the federal government through the CRTC said they would force CKUA off the air if this chain doesn't mate?

MR. FARRAN:

They usually put it in a more delicate way than that.

MR. CLARK:

-- would you phrase it?

MR. FARRAN:

Well I think the general tenor of your question is correct.

MR. CLARK:

So really what the minister is saying then is that Ottawa has said that unless there is a substantial change made in the governing authorities as far as radio station CKUA is concerned that, in fact, they won't extend the licence which, in fact, would take CKUA off the airways.

MR. FARRAN:

That is about it. We are plugging along on a temporary suspension of hostilities.

MR. TAYLOR:

I wonder how different that is from what it was for the last 20 years. Every time we came near the end of the licence of CKUA the federal government pointed out that it was contrary to their policy to have the provincial government operating a radio station, either directly or indirectly. And every time this has been debated and worked out and the licence came. I can't see anything different now from what it was in the last 20 years each time its licence expired or came close to expiring.

MR. FARRAN:

There is a little difference. Of course, that is no way to live, with the sword of Damocles always being hung over your head. The big difference is that this new government sees a big future in education broadcasts, both in radio and television. This follows on the steps of recommendations in the Worth Report. So there is the opportunity of combining this perpetual problem, which the hon. Member for Drumheller points out, with the new trend in government to use sophisticated methods of communication in education.

MR. TAYLOR:

Part of the answer then is the policy of the Alberta government, and not the federal government. From the questioning of the hon. Member for Olds-Didsbury -- I understood it was a direct mandate from the federal government.

If it is partly the policy of the Alberta government, that is a different thing entirely.

MR. CLARK:

Mr. Chairman, going back to the minister once again. Would it be fair to say then that the decision to take CKUA out of its present circumstances and put it under the new communications authority that is being talked of, that really it is a decision made by the government of the Province of Alberta and has not been forced upon the government of the Province of Alberta by the federal government.

MR. FARRAN:

No, it wouldn't be fair to say that. It is a bit of both, killing two birds with one stone.

MR. CHAIRMAN:

Ready for the question?

HON. MEMBERS:

Agreed.

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.

[The motion was carried.]

MR. FARRAN:

Mr. Chairman, I move that the vote for the Department of Telephones and Utilities now be reported.

[The motion was carried.]

Department of Highways and Transport

MR. COOKSON:

Mr. Chairman, the subcommittee has had under consideration Vote 15, the estimates of the Department of Highways, begs to report the same, and therefore moves, seconded by the Minister of Highways: that a sum not exceeding \$126,360,023 be granted to Her Majesty for the year ending March 31, 1974, for the Department of Highways.

MR. CHAIRMAN:

Moved by the Chairman of Subcommittee B and seconded by the Minister of Highways:

Resolved, that a sum not exceeding \$126,360,023 be granted to Her Majesty for the fiscal year ending March 31, 1974 for the Department of Highways.

Any questions? Are you ready for the question?

MR. TAYLOR:

Mr. Chairman, I'd like to say a word or two in connection with the proration deal that the hon. minister outlined the other day. I think the government is making a very bad mistake in entering into this prorationing group, particularly at a time when the government is making a stab and a thrust for lower freight rates in this province. The prorationing arrangement can't do anything but increase the rates for truckers. There is no other way for it to go. With full reciprocity, Alberta truckers were able to go into 26 states without paying additional licence fees, and the truckers from those states were able to come into Alberta without paying additional licence fees. Now with the prorationing deal, this changes entirely and the Alberta trucks will be required to pay when going through other states. Remember we have probably more truckers

based here per population than any other province in Canada and that increased cost can't do anything but add costs to the people of Alberta. There's just no two ways about it. It's going to increase the freight costs for truckers.

With reference to truckers from the States coming in free; they will be paying some revenue to the Province of Alberta, and if it is still economical they may still move our goods. But whether it is going to be economical is questionable with some products. In any case, the freight will be increased for the people from those states from which those trucks come. I'm talking about the truckers who are based in Alberta and who will have to pay increased costs through the prorating deal in the other states. The people who will pay that will be largely the people of Alberta.

So I'm suggesting to the hon. minister that this was a bad time to enter into a prorating deal. It would have been far better to keep a full and free reciprocity going, where we encourage truckers to come to this province as has been done for the last several years. Many trucking firms moved from other provinces to the province of Alberta simply because of the reciprocal arrangements. With the prorating deal, the major item is going to be increased freight costs as far as truckers are concerned.

MR. COPITHORNE:

Mr. Chairman, with all due respect to the hon. Member for Drumheller's remarks, the prorating agreement will work just in reverse to what the hon. member anticipates. The reciprocal agreement that Alberta entered into in 1958 was a reasonable agreement at that time because Canada did not have a TransCanada Highway. The reciprocal agreement, which involved a corridor to eastern Canada and across the northern part of the States to the eastern states, was a useful agreement and helped the truckers of the day at that time.

But the situation has changed considerably since that time. It won't cost the truckers of Alberta more for the commodities that are shipped here or the freight that is brought in -- it will act the other way, in reverse. It will make a competitive position for the trucking industries with the railroad because of the agreement into which we are going to enter.

Furthermore, it will bring revenue to the province from trucks coming in from the United States, not only in licence fees for the miles they travel in the province, but also in the gas tax based on the miles they travel in the province. As the hon. Member for Drumheller well knows, many of the trucks today have the capability of travelling through the province without purchasing any fuel in the province, and they leave absolutely no revenue.

There is very little statistical data to show how many trucks come into the Province of Alberta from other jurisdictions. As I stated the other day, there is probably a ratio of 30 to 1 for trucks coming into Canada from the United States versus Alberta trucks going into the United States. It could well be 50 to 1 because we haven't got a record to show what that number of trucks going into the United States would be.

Mr. Chairman, the anticipations of the hon. Member for Drumheller will be exactly opposite to what he is anticipating. As far as the trucking authorities go, in the United States under the ICC it is entirely another matter. Many of our trucks today are not allowed to travel in the United States hauling goods because they are unable to have, by the ICC, trucking authorities in different parts of the United States. This was something that was set up when the reciprocal agreements were made in 1958, which didn't mean very much to Alberta truckers at that time. But they certainly know all about it now. Hopefully this will be a start in bringing about equalization, a realization of the importance of the Alberta trucking industry, the western Canadian trucking industry, and a coordinated fair treatment for truckers all across Canada and certainly across western Canada.



MR. TAYLOR:

Mr. Chairman, I am not talking about the truckers in Canada because as the hon. minister well knows, we had a reciprocal deal of paying a portion with all provinces in Canada. I am talking about Alberta truckers who have contracts in the United States and who are hauling Alberta goods to the United States. This guess of 30 to 1 and 50 to 1 is nothing more than a guess, because if the hon. minister will check his own highway traffic records he will find out how many Alberta truckers are hauling into the United States.

Again, I challenge the minister to produce the figure showing that this is going to be lower costs. How can it be lower costs? There will be more revenues collected, there will be an increased cost placed on Alberta truckers -- how could it possibly be less? The whole purpose of proration is getting more money out of the truckers. And the truckers aren't going to pay; it will be passed on to the consumers. How the minister arrives at the conclusion that this is going to reduce freight is simply beyond me.

MR. COPITHORNE:

Well, I can understand the hon. member's wording that it is beyond his comprehension, but Mr. Chairman, I will go over it once again for the hon. member. When you prorate the licences, proration land, when our truckers go into the United States, they have to, particularly in the western and midwestern states, and many of the states where we don't have reciprocal agreements, and many of them we don't -- they certainly have to pay the anticipated amount of fuel they are going to use through the state for the mileage on the road, in the state where they are going to use it.

They also have to buy trucking privileges -- they don't have to do that in Canada, in Alberta, they don't have to do that. It is certainly free in Alberta, has been free and has worked to a very great detriment to the Alberta truckers, a very great detriment. It has worked to a great detriment to the consumers of Alberta as well.

Now we will be putting it into a competitive basis, and furthermore it will be on a fair basis of proration, of sharing the costs of gasoline and fuel taxes with the states which they are already doing -- they are doing that anyway, but they don't do it when they come in here. It will work very much and will put our trucking industry into a competitive basis as well.

MR. TAYLOR:

Mr. Chairman, the minister is talking in riddles. Any state with which Alberta has full reciprocity has the same privileges to come into Alberta as our truckers have to go into that state. It is exactly the same. Neither one pays more. So you go into a proration deal solely to get more money. That is why the western states went into the proration deal. Each state wants more money. If Alberta is going into it, it is because Alberta wants more money. If you get more money, the truckers have to charge more for their services and so it is going to cost the people more through a proration deal. It is just as simple as that.

MR. COPITHORNE:

Well, Mr. Speaker, I can respond every time that the hon. Member for Drumheller gets up on this subject and the answer is going to be exactly the same. Exactly the same. He can have his thoughts and I can have mine. We have looked into this very carefully and it is going to put the trucking industry into competition, into honest competition, with the railway systems, and certainly, will aid in producing consumer goods at a reasonable rate...[Inaudible]...

MR. TAYLOR:

Mr. Chairman, what effect this is going to have on the railways is another thing entirely. It is simply going to make the trucker's fee higher and consequently, there will be less competition with the railways, not more. The reason the truckers are in competition with the railways is they offer a better price. Now if you start to raise that price, how is it going to increase the competition with the railways?

MR. COPITHORNE:

Well, Mr. Chairman, to start with, we will have reciprocal agreements with some areas that we didn't have reciprocal agreements with before. Those will be

in the proration agreement. The states that are not in the proration agreement -- and if we care to, we can keep the reciprocal agreements with those states. I am not too sure, in my own mind at this time, that we'll be wanting to do that, but at the beginning we can keep those proration agreements or those reciprocal agreements for the time being.

Certainly, the western states are geographically located in such an area that they are probably going to be our greatest market, or could be our greatest market, for our food products, for our agricultural products, because of the way the geography is. It is desirous for us to have that channel through there.

Reciprocal agreements mainly are with our eastern states and they are not in the proration agreement which we are signing because mostly it is in the western and midwestern states. If we don't like it we can cancel it out at that time.

MR. TAYLOR:

I am certainly glad to hear the minister say that they would be prepared to at least consider retaining full reciprocity with the western states because I think this is to the advantage of Alberta.

One further question. How much revenue does the hon. minister expect to secure through the proration deal? How much extra revenue in the coming years?

MR. COPITHORNE:

Mr. Chairman, it appears that it could be anywhere from \$1 million to \$5 million. It could be that much.

MR. TAYLOR:

This is the very point that I have been trying to make, that we go into proration deals to get more money and, consequently, that money has to be added to the price of the haulage. So it's an increased cost on the consumer and an increased cost for transportation. That's the only point I'm trying to make.

MR. COPITHORNE:

Mr. Chairman, I don't think the hon. Member for Drumheller made the point very well because up until now it's been used for feather bedding -- I guess that might be one of the phrases that could be used -- to support American truckers to give unfair competition to Alberta truckers and to the freight rate structure.

MR. TAYLOR:

Mr. Chairman, I wish the minister would use some common logic. There is no feather bedding, there is nothing done for the benefit of the American states. It was done for the benefit of Alberta truckers, and to keep the cost of freight down. That was the sole purpose and that was why the trucking association took such an active stand on this over the years, and why some of the western states fought full reciprocity, because they wanted more revenue and we wanted the very opposite to keep the freight rates down and keep the cost of haulage down.

You did it not by adding cost on but by taking costs off. There is no feather bedding to it all. It's simply a matter of straight ordinary arithmetic.

MR. RUSTE:

Mr. Chairman, to the minister. Earlier this year on February 21 there was an Order-in-Council passed dealing with The Highway Traffic Act in which by a stroke of the pen it became necessary for an individual -- let's say a recreationist -- to have a licence for every trailer that he owned, although I admit there is provision there for a transfer fee.

But I submit that this is, in effect, discriminating to the users of these, especially light trailers. I'll just give you an example. We have a case where an individual has a skidco or a snow vehicle with a light trailer with small tires, the same individual may have a boat with another light trailer and small tires, and that same individual could well have one of these light campers that you fold down and travel on the highway. I submit that in charging the \$15 licences for these three vehicles, which are impossible to use at one time behind one vehicle, I think is going too far in penalizing the average

individual who may be in the position of having these three vehicles for recreational use.

MR. COPITHORNE:

Mr. Chairman, I don't think an individual who has three such trailers or that type of recreational vehicles is just an ordinary individual to start with.

Secondly, he is asking for protection of the equipment that he has. And, Mr. Chairman, it's as simple as apples and oranges, you can't have your cake and eat it too. So if he's going to have that protection and the registration and a record of his trailer, then the registration and the bookwork that is involved cannot be carried for less than that kind of a fee. It's just that simple and it's not being discriminatory in any way.

MR. RUSTE:

Mr. Chairman, is the minister suggesting that under the previous arrangement where an individual could buy a licence, we'll say at the start of the motor vehicle year -- end of April or whatever it might be -- apply this to his boat trailer, camper and then in the fall to his snow vehicle that he hasn't got the protection that he has here, providing he has insured his equipment?

MR. COPITHORNE:

Mr. Chairman, if the hon. Member for Wainwright had three cars surely he wouldn't expect to have one licence to use on each one when he wanted to use that particular car. He would fully expect to pay the licence fee for all three cars and he wouldn't question that. But here he is tonight quibbling over a registration that he wants to have some registration and record of his vehicle. I don't think his argument makes much sense.

MR. RUSTE:

Mr. Chairman, the minister is talking about me quibbling. Well, if he feels that \$15 is quibbling -- that may be the attitude on the other side. I certainly feel that this is an situation entirely different from one in which I own three cars. Money is irrelevant, as they say across the way here. But certainly if I had three cars the chances are they'd be used all at the same time. But certainly with these types of trailers, they are exclusive to their particular use. I'm talking about the ones that are used for snow vehicles, I'm talking about the ones that are used for boats and I'm talking about the campers.

And I feel, Mr. Chairman, that we have the protection of the registration of one of these, and the law did provide for the transfer of them as long as you had a licence on the trailer behind you. And I submit that this was a decision made behind closed doors, and certainly it is discriminatory to those who are using light trailers in this province.

MR. SORENSON:

I would like to ask the hon. minister to explain the formula and how towns and villages should go about seeking this assistance grant. I appreciate that he did touch on it during subcommittee, but the towns and villages of my constituency are very interested in this program.

MR. COPITHORNE:

Mr. Chairman, I don't know whether they want to deal with that particular item in the capital part of the budget or whether they want --

DR. HORNER:

No, do it now.

MR. COPITHORNE:

Well, Mr. Chairman, we are anticipating that we will have a \$20,000 grant and \$20 per head capita as a grant on a once in five year time to any town up to a minimum of 50,000. But as we analyse the number of towns that we cut off at that particular rate and the needs of those towns and communities -- we are considering to not have a ceiling on it and base the once in five year grant of \$20,000 and \$20 per capita to improve the quality of life in the rural towns and villages of Alberta.

MR. BUCKWELL:

Say, for example, there is \$50,000. Could they take two lots of \$25,000 or do they have to take the whole grant?

MR. COPITHORNE:

Well, that's a very good point that the hon. Member for MacLeod brings out. We have had one application to date similar to that point. It's something that we hadn't anticipated and certainly we are considering that particular point.

DR. BUCK:

Would you still only get the one \$20,000 --

MR. DRAIN:

I'd like to ask the hon. minister how he sees the development of the right of way for Crowsnest 3 through the Crowsnest Pass? Having regard for the fact this right of way has to be acquired, there are numerous people living on the projected right of way and they certainly should have some opportunity to relocate and resettle, and I would hope that he would do this before the scrapers start coming down the line and knocking down their houses or something. This is something that has been dragging for a long while, and I'd like to see the minister make a policy statement so I can convey it to these people who are looking out of their windows, watching the surveyors and wondering what's going on.

MR. COPITHORNE:

Mr. Chairman, I know that's very close to the hon. members doorstep, and certainly we will treat the people in that area with all the fairness and all the advance warning that's possible when a final decision is made.

MR. DRAIN:

Hon. Minister, I think you're equivocating and procrastinating on this particular decision. I would expect that an old cowboy like you would get up there and say we are going to do 'er tomorrow, or something like that.

[Laughter]

MR. D. MILLER:

Mr. Chairman, while the Minister of Highways is in a good mood again, I'd like to keep him smiling. But I want to throw this at him. I wonder in all your projections with all your engineers, if you are taking into consideration this application to lift the rail lines from Glenwood to Manyberries?

MR. COPITHORNE:

I didn't get your --

MR. D. MILLER:

Lifting the railroad lines. What is going to happen to us in our constituencies then, and the farming communities? This affects the roadways. What about our highways? We've been pleading with you to surface and build up the carrying capacity instead of going along here with this gravelled and oiled dirt. How are we going to be able to haul these big loads of grain?

In my constituency alone, as I've mentioned to the minister, it would eliminate if we lifted the rail lines on that line from Stirling which is the same line as from Glenwood right down to Manyberries, about 50 miles from Medicine Hat. In my constituency alone it would eliminate about eight to ten elevator stations where the farmers take their grain. And the road wouldn't carry these heavy loads, they wcn't carry it now. We have to make limits during the year, the spring and the fall to carry the loads. And as far as the main road, 36 from Warner to Taber if they are hauling that way, they'd never do it until they got off the Chin Eridge.

I'm asking you if you are seriously looking to the future far enough to be able to protect the roads if anything like this happens. If they are going to lift the rail lines, and eliminate these receiving stations, these elevators along in all these towns would be affected. Surely to goodness Highways has got to start spending some money.

MR. COPITHORNE:

Well, Mr. Chairman, as the hon. Member for Taber-Warner knows, this is a good highway program that we have lined out this year. It's working on a program of -- I could probably say, to a degree of deficit -- it takes awhile to build up an ability to have men and machinery and equipment enough to do a much bigger plan than we have this year, and also materials. It's something that you work into gradually.

As the hon. Member for Taber-Warner knows, I'm spending a considerable amount of money in the south part of the province on some of our arterial roads this year. And we have some of those contracts now out and we are endeavouring to get the others out quickly.

I'm well aware of the hon. member's fears in that area and what could happen. We're working towards having a time of either no ban, or short bans on the road traffic during this time of the year in particular, and having roads that can carry the maximum loads at all times of the year. But it's going to take some time to replace and to do that particular type of work throughout the entire road network in Alberta.

MR. NOTLEY:

Mr. Chairman, I'd just like to make two or three comments with respect to the estimates of the Department of Highways.

First of all, I'm a little concerned that the appropriation for maintenance in improvement districts, Mr. Minister, is increased by only 4.8 per cent. And actually when you compare that with the 1971-1972 actual expenditures, that's a drop of about \$250,000. I would hope that next year improvement district maintenance will perhaps be given a higher priority.

Improvement Districts generally serve those newly developing parts of the province where you have a lot of initial costs and where you have many younger people getting started farming. I think the rather inadequate budget that we have this year is going to mean that maintenance in the improvement districts will not be as satisfactory as any of us would like to see. I'm sure that other members in the House who represent constituencies where there are improvement districts would be quite prepared to back me up in my contention that there should be a higher priority on this particular appropriation.

The other observation I'd like to make is with respect to the capital budget. While I realize that we don't want to get into discussion as to specific highway projects tonight, I do think that when we talk about northern development of highways that there are two major road projects in the north that do deserve some high priority in the next few years, at least in my judgment anyway. One is the completion of Highway 49, which is the extension of the scenic route from Edmonton to meet the Alaska Highway at Dawson Creek. I have been advised by the British Columbia government that their section from the Alberta border into Dawson Creek will be completed this year, weather permitting.

The other road that I think merits attention, too, is the so-called Fairview-Fort St. John road on the north side of the Peace River, which links with Fort St. John also on the Alaska Highway and is the major road linking the McKenzie Highway and the Alaska Highway on the north side of the Peace.

While none of us are overly concerned about security matters at this time, the fact of the matter is that if our country ever did become involved in any kind of difficulties with anyone else, it would be important to have a proper road linking our two major northern arteries. I think some concern was voiced about this a number of years ago when the major bridge at Taylor went out on the Peace River due to a mechanical failure in the bridge. As a result, the traffic had to reroute at very considerable expense. One of the advantages of the completion of the Fairview-Fort St. John road would be that we would have, as I say, a linking of the two indispensable northern arteries. I am talking about the McKenzie Highway and the Alaska Highway.

It seems to me that as we look at northern development, the completion of these two roads does deserve, in my view, pretty high priority. I am pleased to see that the City Council in Edmonton endorsed a resolution last summer asking the government to move on the completion of Highway 49 and also the Fairview-Fort St. John road.

So those are the two observations I'd like to make, Mr. Minister. I can appreciate that it is always a bit of a battle when you're trying to get money

and you're competing with the other people in the front bench. But I hope that next year you have a little bit better luck with respect to the improvement district expenditures.

MR. COPITHORNE:

I appreciate the remarks the hon. member has made. Certainly I think that probably one desires to put roads wherever they are needed and certainly they are needed in a lot of places where we are unable to give the full thrust that the area deserves at this time. But we have placed a very high priority on the McKenzie Highway and also on Highway 63, which also goes into the north part of the province. We also have put a high priority on the area through the north central part of Alberta, which will link up with the bridge that we are building on the Peace River at Fort Vermilion, which certainly has been long overdue in that area, and which will hopefully open an area of opportunity and industry and development in that area, being the first bridge furthest north from the bridge 200 miles south.

MR. BARTON:

Mr. Chairman, I was wondering if the hon. minister has any studies in conjunction with an east-west lateral starting at Athabasca, going east to the Saskatchewan border? Are there any studies conducted by your department right now?

MR. COPITHORNE:

I think that there are probably studies that are carried on with regard to the potential of the area, but I would think that in that area the development of the lateral roads has been and is further south at this time.

MR. BARTON:

I appreciate that, but we are looking a little ahead in the not-too-far future. We expect a substantial move in the tar sands, plus the tourist industry, and this particular east-west lateral starting in Athabasca would really open up a new avenue to the people of Alberta to enjoy what the north really is all about -- and it's not further south.

MR. COPITHORNE:

Well, in spite of the hon. member's biased opinion of where Alberta begins or where the tourist industry begins, I'm sure there are lots of hon. members in this gallery here who would give him a lot of argument on that. Certainly this government has done a great deal in the Slave Lake area in regard to road building and construction and certainly in an area that is in the north-central part of the province, south of Fort Vermilion.

MR. CHAIRMAN:

No further questions? Ready for the question?

MR. SORENSON:

I'd like to ask the minister about a road in my area, that's 36 north of Killam. It's in dangerous shape.

[Laughter]

It is. I'm just afraid there is going to be an accident and I think you are aware of it, Mr. Minister. I wonder if you have any comments on the road work that will be done there?

MR. COPITHORNE:

Well, Mr. Chairman, we are doing continual road work on Highway 36, which I know is very close and dear to the hon. member's heart, and also on Highway 41 -- a very significant thrust this year on Highway 41.

MR. DRAIN:

Mr. Chairman, to the hon. minister. The answer to question 112 in relation to snowmobiles, which was a Motion for a Return, indicates to me that there appears to be a "Chicken Little" somewhere in the Highways Department, because certainly, Mr. Minister there is an over-reaction on the type of regulations that have been set out. We have here:

Number of complaints received -- 19;

Number of stolen vehicles reported during the last 12 months -- not known;

Number of reported accidents involving snowmobiles -- not reported.

The number of fatal accidents were reduced and corrected to 4, and I believe this is over quite a number of years, probably 4, 5 or 6 years.

Now, not that I say that 4 fatal accidents is good, but I might point out to the minister that in canoeing last year in the province of Alberta there were 20 fatal accidents. So whether boating and canoeing comes under the purview of his department, I don't know. But I would suggest that someone has been slightly all wet in the matter of the particular reaction that has been made to snowmobiles and snowmobiling. After all, I would like the minister to consider that you are looking at a sport --

AN HON. MEMBER:

Hi, sport!

MR. DRAIN:

-- that is very seasonal like the season that is drawing to an end now, I think I can say with confidence, a tremendous number of snowmobiles have been used less than 12 or 16 hours in the entire year. Looking at a licence fee which has jumped up 400 per cent without any warning, and looking at the insurance that has been hung around the snowmobiler's neck, and also looking at the fact that these particular regulations, in spite of their severity, do not include helmets.

Now if the minister had foregone the insurance and went for a compulsory helmet of the proper type, I would say he would have gone a lot further towards the protection of people than the barebones process of hanging an insurance policy without any protection. I think there is a responsibility for government when they say that any group or section of society should be forcibly condemned to have insurance. When this occurs it is the responsibility of government to set out some sort of protection for the customer, because of what the government has done in this particular case: they have handed these people to the insurance company as the victim to eat up with no protection whatsoever.

If compulsion is going to be this government's policy, then logically the insurance of snowmobiles should then be put under a board that would properly police it, something in the manner of the Public Utilities Board.

Therefore, I would ask the hon. minister when the grass turns green and the sun shines and he is in a proper amiable mood, that he would think about these regulations and hopefully come up with a type of regulation that would give people protection, including the proper type of helmet and also something that would be more equitable, that people would look forward to going along with without being unhappy.

I want the people in my constituency and the rest of Alberta to think in terms of admiration for the hon. minister. I don't want them to say things about him behind his back, and this is why I would like him to reconsider very carefully the snowmobile regulations from the standpoint of insurance, how much coverage is necessary, from the standpoint of where he is going with licences, and from the standpoint of helmets, which should be compulsory.

MR. COPITHORNE:

I appreciate the benevolence of the hon. Member for Pincher Creek. I also appreciate the little knowledge he has put into the study of licence fees. They are only \$5 and I have heard the hon. Member for Pincher Creek flouting around \$10. I don't know where he got that from, but he picked it up somewhere.

I believe in as much freedom as is possible, I always have done, and I would be the last one to tell a person that if he thought he needed a hardhat on his head when he is snowmobiling, if he feels he needs that then I think he should wear it, without it being legislated. For it would be another nail in the coffin, as you might say, to freedom, if you legislated that and if he didn't feel it was necessary.

But if the snowmobile people in their representations, and some of them have made them, they thought the compulsion of wearing a hardhat was necessary, then there has been on the other side, those who felt it wasn't. All the off-

highway vehicles are not snowmobiles, and certainly in this respect, I think that The Off Highway Vehicle Act at this time is a good one. I have some sympathy for the hon. Member for Pincher Creek's stand on insurance and as I told the snowmobile people and the off highway vehicle people, we are going to have a full review of this situation before next fall.

In regard to statistics, the Canada Safety Council has not kept a good record on statistics of snowmobile accidents. For instance, if a person riding in a snowmobile happen to get stalled in Timbuktu out in the brush, snow up to his armpits, --

AN HON. MEMBER:

Easy, easy.

MR. COPITHORNE:

-- Mr. Chairman, and he wasn't able to get back to town where the groceries were stashed and he sort of died of exposure, that wasn't really related to a snowmobile accident. It was related to the fact that he died of exposure. Or if he was running across an ice lake and ran into a beaver run, or a muskrat run and fell into the lake and was drowned, that wasn't considered really a snowmobile accident either. That was a drowning.

AN HON. MEMBER:

Take it easy.

MR. COPITHORNE:

So, some of the statistics are not really as honest as they might have been, but I understand from the Canada Safety Council this year that they are going to have a more comprehensive roundup of those statistics for us to consider. Certainly I think that the regulation regarding snowmobiles on primary highways has a very definite effect on the safety of the people riding snowmobiles and also on the safety in the consciousness of the people that are driving automobiles on the highways beside. We have allowed local autonomy and municipalities, where they saw fit, where they wanted the snowmobiles to run, or off-highway vehicles to operate in their communities, and certainly, this is only right and fair because the local people have the best knowledge of the areas where they cause the least amount of friction. Certainly there is a great deal of friction between the citizens who do not like snowmobiles, or the citizens who do not like off-highway vehicles, and the ones who do. You have to have a common meeting ground that is reasonable.

MR. DRAIN:

Yes, that's good -- that is a very good explanation, Mr. Minister. However, there is one particular area that you didn't touch on, and I stand corrected on the matter of licences at \$5 instead of \$10, which is -- but a lot of operators have already bought licences which were permanent licences and the object of the licence, which was \$2, was for registration purposes. Now having paid the \$2 on the assumption that this was a permanent licence plate, we now find that they have to buy a manual licence for \$5. Now what happens -- is it that the Department of Highways needed money? -- that the Department of Highways feels that this was an extra source of revenue? Or was it that the cost of keeping track of these things was in excess of \$2 and that once-in-a-lifetime sort of deal was not acceptable because the information got out of date?

MR. COPITHORNE:

I think the point, Mr. Chairman, that the hon. member touched on at the last was the most valid one -- was the one that the information got out of date, and there a permanent record of nothing is worth nothing. That is exactly what they were getting and we hope to give them better service than that.

MR. CHAIRMAN:

Ready for the resolution? Mr. Barton?

MR. BARTON:

Yes, Mr. Chairman, I requested a change in directional signs at Clyde corner. The first three pictures -- and I'll give them to the hon. minister if he hasn't taken the opportunity to take a look at Clyde corner -- are three



pictures taken approaching Clyde corner. One says Westlock and High Prairie this way, Athabasca this way. It leaves out some major communities like Barrhead, Fort Assiniboine, Swan Hills and Slave Lake, Kinuso and a few others. The second one is just approaching the corner and it says Westlock and Barrhead this way. It doesn't say anything about the communities to the right.

The third one is just down from the corner going west. It says Westlock 7 miles, Swan Hills 93 miles, High Prairie 182 miles. It doesn't mention the rest of the communities along the way. The fourth one is going north out of Westlock and says, Pibroch and Smith 78 miles, but leaves out High Prairie and adjacent towns. The fifth one is in a junction at Smith facing west and it says Edmonton and High Prairie but doesn't say where they are going.

I'll give you these pictures and I would appreciate your consideration of putting up a fairly comprehensive type of sign where the tourist can have a good look at Clyde corner as to which towns are on the right and which towns are on the left.

MR. COPITHORNE:

Mr. Chairman, the signing system in regard to towns and places all over Alberta is based on the point system and this is an acceptable system all over North America. It doesn't list all the points in between the points. Usually when a tourist is going some place -- from one key point to another -- he looks on his map, which are available in all service stations and at a very reasonable price, incidentally. Consequently, he is able to find his way to all these points.

If the hon. member's favorite town is not listed until the point of disembarkation off the highway to that particular point than that's the reason.

MR. BARTON:

That's not really what I stated. I said there were many towns that were not listed. It's a very important junction in the network, especially in northern Alberta. There probably isn't another intersection in Alberta with that particular problem.

Secondly, I don't think all the service stations have up to date Alberta maps.

MR. COPITHORNE:

I'm not going to go around, hon. member, and check the service stations as to the amount of equipment in regard to maps and whether they keep it up to date or not. But if the hon. member has a service station that is not very forward in its approach to business then I suppose it will be listed eventually in the casualty list of "out of business."

MR. RUSTE:

Mr. Chairman, the previous member referred to highway signs. I'm just looking back in Hansard in the fall sitting where the hon. minister in answering a question regarding highway signs said, "I hope in the next day or two to have a handbook coming out to help you solve some of these problems." I believe he was referring to signing in general. Has that book been prepared and is it available?

MR. COPITHORNE:

Mr. Chairman, one day in the House I explained to the hon. Member for Wainwright the general signing policy throughout the province. There hasn't been a handbook made and there isn't going to be.

MR. RUSTE:

Mr. Chairman, I was just referring to what he said in Hansard.

MR. LUDWIG:

Mr. Chairman, before we get off this department I would like to raise an issue that I raised with the minister several months ago by way of a simple question to the minister and since then I believe that this issue has not been resolved. It's too important an issue not to have it resolved, and I certainly do not intend to let it drop. I believe that it affects an awful lot of people.

It affects peoples' rights and I'm dealing with the matter of road allowances in the rivers, in the east and west, and southwest of Calgary.

I asked the minister a question once whether he had any road allowances on his land and he very casually answered me and said he didn't think so. That answer still stands. I've pursued this issue from time to time and I've come to the conclusion that the minister is reluctant to face this issue and to do something about it.

I believe, as I stated, it's far too important an issue to just drop. I'm sure that no one really expects me to drop it. Least of all the people of Calgary, the fish and game people, a lot of people who live in the Cochrane area and as far as I'm concerned the issue is a lot more - it's of more public concern today than it had been several months ago. Since I raised this issue in the House, in the Legislature, I've had numerous contacts from people asking me to fight to have this issue resolved.

I know that the government might wonder why it is that I'm raising this issue from time to time, and it is because certainly the hon. members opposite will not. For reasons best known to them, they either feel that it is not their business or they haven't got the courage or the desire to either stand up for the people or to stand up to the ministers. Therefore it has to be raised in this manner, as I have from time to time.

It is my belief that this issue is too important to just let drop. I know that the hon. Deputy Premier likes to jump up and rant and rave in his usual style that I am on a witch hunt. I have never made any allegation that a minister or an MLA who has a road allowance, that he is using for nothing, is doing it improperly or that it is wrong. I'm saying that a lot of these road allowances are closed in the vicinity of Calgary, the hon. Minister for Highways knows or has found out since I have raised this matter with him just how many are closed, just how many are illegally closed, and as time went by it became obvious that somehow or other I will get all the information I want and perhaps to the embarrassment of the government.

Now, this may not be right, that I'm saying the government might be embarrassed but I am saying that because of the government's reluctance to yield on this issue. Knowing full well all the details, I have reason to suspect that the government might face embarrassment. Now they can stand up and bare their souls and tell us all they know about it, what they plan to do about it or tell the people that they are not interested in their problems and that will be the end of the issue. But they have wanted the issue to go away and it doesn't go away.

I'd like to recommend that in view of the allegations I made against the ministers, at least the minister, and the furor that was created here on numerous occasions perhaps a good way to solve this issue, to show that the government is at least interested in people's problems, is to set up a legislative committee to review this whole thing. The job will not be very large because I have here a report on public access to the Bow, Jumping Pound, Sheep and Highwood Rivers prepared by the Minister of Highways and Transport and prepared by the Alberta Department of Highways and Transport Planning Branch. And I have, in questions put to the hon. minister, come to the conclusion that this report is quite up to date, outside of a few minor changes that the minister may not know about.

I've also found out that municipal access roads -- maps of these roads are available. They are available, the Department of the Environment obtains same from the Department of Highways. I was not able to but they got it. And I also have, in putting a question to the hon. minister during subcommittee, been advised by his planning branch, the Highways and Transport Planning Branch, that these things can be available if we zero in on a local area rather than the whole province.

Since I asked the minister at one time to provide a map of closed road allowances throughout the whole province, I understand it was too big a job for him to provide this and, therefore I restricted my further questioning on this issue to the Calgary Bow River, the Highwood River, the Sheep River, Jumping Pound, and the hon. minister knows exactly what I'm talking about.

I'm saying that the government has been remiss in dealing with this problem in providing answers, but jumping up and down saying that I have no business inquiring -- I'm saying that I am and I'm continuing to do so, and will continue to do so. And I'm urging the government to set up a study which can be conducted very quickly to clear this matter entirely. Although I have not made any accusation against any minister in particular, the hon. Deputy Premier felt

that I was conducting a witch hunt, but when we want information and they don't want to give it, what else can he call it but a witch hunt? That's an easy out, but it doesn't stop me from asking.

It doesn't stop a lot of people in Calgary from inquiring, "What is going on? Why are they afraid to tell the whole story?" This isn't what I'm saying, this is what the people are asking me, including today. So the minister doesn't want to feel to annoyed at what I'm saying, he wants to listen to his constituents and people who can land in that area and what they are saying.

Now I'm going to read from this report several articles that will clearly establish that a problem exists, a serious problem exists, and as far as I'm concerned, none of the ministers seem to give a darn. They talk about a people's government, but the people don't matter once they are in, especially if they could be embarrassing to the ministers, or one or more of them.

"In the Bow River from Ghost Lake to Calgary" and they refer in this report, and I'm reading from the Department of Highways and Transport Planning Branch Report which I say is quite current, and they refer to Map 1 of 5 maps available and here is what it says in dealing with the Bow River from Ghost Lake to Calgary:

This 25 mile stretch of the Bow River is the most difficult of those under study to provide access to, because of the quite deep and precipitous valley, and also because approximately 8 miles of the south side is quite effectively blocked off by the Stony Indian Reserve.

Of the 44 road allowances reaching the river, 5 roads or road allowances are open to the public.

That is, of the 44, 5 roads or road allowances are open to the public. "These include the new and old bridges at Cochrane, Happy Valley and the Bearsaw and Ghost River Dams."

There are quite wide apart. "Twenty-three road allowances are leased or sold and 16 are closed illegally."

And I'm saying that these 16 or most of them are still closed illegally, but nobody seems to be concerned about the problem. It affects the rights of an awful lot of people in southern Alberta, in fact, throughout all of Alberta and particularly those in Calgary, who feel that they have the right to get to the Bow River, but they are denied access, either by what the government did in the past, and what it will not do now. This is one, this is about the area from the Bow River from Ghost Lake to Calgary.

"The Bow River from Calgary to Carseland Bridge" and that refers to Map 2 of 5 maps.

There are three surveyed roads providing access to the river and open to the public on this section and also approximately two other non-surveyed roads where the local landowner allows the public access to the river although legally he is not required to do so.

Some landowners have volunteered to permit people to get to the river. Now when you talk about the area between Calgary to Carseland Bridge, you're talking about perhaps 35 to 40 miles at least, if not more.

There are 16 road allowances that are leased or sold and 52 that are illegally closed by means of fences and signs. Most of these illegally closed road allowances are not developed to the river, although some have low grade roads and trails to the top of the valley hills.

You are talking about 52 illegally closed road allowances that people ought to be able to use to get to the rivers, although I know that some of these are not passable. Some of these if they are closed and kept closed, nobody will object because you can't get to the river.

But there is no doubt that the people of Calgary, the people of southern Alberta, and the people of all of Alberta have the right to get to these rivers, and as I stated on the other side, nobody is interested in tackling the problem.

With regard to Jumping Pound River from forest reserve boundary to confluence with Bow River. This is one of the real problems. And it says, "See map 3 of 5." I am saying that these maps are available and they fairly accurately describe what I'm saying here. "Of the 40 road allowances and other public roads reaching the river [from either side]," that's the Jumpingpound

River, "20 are open to the public and only 4 are accessible by car." Out of 40 road allowances, only 4 can be travelled by car.

"There are 9 road allowances that have been leased or sold and 11 closed illegally." In this Jumping Pound area 11 road allowances have been closed illegally, and I don't think any minister can stand up in this House and say that they have been opened. But they should be opened, if for no other reason than to permit people to walk across them or ride horseback. And I know for a fact that some of these road allowances, or some of these areas, have "No Trespassing" signs. I think this is certainly deceit for the people of this province and action --

MR. SCHMID:

Mr. Chairman, that deceit was perpetrated by the last government because the last government allowed these road allowances to close. So if it is deceit, it is the last government that perpetrated deceit.

[Interjections]

MR. LUDWIG:

If he doesn't ...[Inaudible]... We'll have a by-election if he doesn't cool down.

MR. CHAIRMAN:

Mr. Ludwig, one moment. I'm sorry, I didn't know -- was that a point of privilege or a point of order, Mr. Schmid?

MR. LUDWIG:

It was a point of --

MR. SCHMID:

Whatever you want to call it, Mr. Chairman.

MR. CHAIRMAN:

Mr. Ludwig, continue.

MR. LUDWIG:

Mr. Chairman, it was a point of sacrilege. He woke up and he felt disturbed. Yes. In dealing with the Jumping Pound River, from the forest reserve boundary to the confluence with the Bow River, I mentioned some of the illegally closed road allowances,

Approximately 8 miles of the south side of the river from the the forest reserve boundary east is inaccessible because of a lack of any road system whatsoever and it therefore would be immaterial whether these road allowances are legally open or not at the present time.

This study indicated that river access is feasible at 4 new locations where it is not presently available thus providing for access at a total of 8 points along this stretch of river.

I want to get this on record because the fish and game people are certainly pressing for the opening of these road allowances, and I have stated that the hon. Minister of Highways is indifferent and the Minister of Agriculture, although he objected to a question I put to the Minister of Highways answered one concerning himself. At least he showed better judgment in that regard.

This is the third area of concern in the Calgary area.

MR. SCHMID:

Mr. Chairman, would the hon. member permit a question?

MR. LUDWIG:

Yes.

MR. SCHMID:

What date are you reading on that letter there? What date is stated on those letters you are reading? The date?

MR. LUDWIG:

You know, Mr. Chairman, I shouldn't accuse the hon. minister of sleeping, but he sure wasn't awake when I started speaking. I think he should wait and read Hansard now that I have gone this far.

In the problem of the road allowances at Sheep River from the forest reserve boundary to the confluence with the Highwood River -- and this refers to map 4 of 5. This is the study that was conducted by the Department of Highways, and from questions I put since it indicates that these facts are still very current. There might be a few minor changes. It states here that:

Of the 71 road allowances and other surveyed roads reaching the river [from either side], 24 are open to the public but only 9 of these are accessible by car.

You are talking about a very long river and this is from both sides of the river.

There are 11 road allowances that are leased or sold and 36 closed illegally and most of these illegally closed road allowances are undeveloped.

So we have here 36 illegally closed road allowances that the public should be able to use, but cannot use because of the indifference of the government and particularly the Minister of Highways.

This study indicates that it is feasible to provide river access at 13 locations now and possibly 2 more in the future when need arises. These latter two as listed in the details should also be protected by withholding leases.

And so I am merely stressing the problem and trying to impress upon the hon. members that this is not one, two or three road allowances but literally hundreds of road allowances that are the property of the people, but the people cannot use them nor are they going to get any help from this government to open any of these road allowances.

The last area of concern is the Highwood River from the forest reserve boundary to confluence with the Bow River. This refers to maps 2, 4 and 5 of the 5 maps available.

Of the 119 road allowances and other public roads reaching the river [from either side] 53 are open to the public and 17 of these are accessible by car.

There are 39 road allowances closed, leased or sold and 27 closed illegally,

making roughly 66 road allowances that the public can't use.

This is not a minor matter, this is a serious matter and I think that if the government doesn't attempt to open some of these, one can certainly accuse the government of indifference and disregard of the wishes of the people. This is becoming an issue. It certainly has become well known to the sportsman, the fish and game people, a lot of the small landowners who live in the area. They are most dissatisfied with the government attitude and they are screaming for action.

I wish to state that I believe that the government should either set up a committee to study this matter immediately and clear the air once and for all or face the continued allegation that it treats this matter with indifference and perhaps wishes to avoid embarrassment. I don't believe I could be more explicit than that.

I'd like to hear the hon. minister respond and I would like to hear him tell us whether he is in favour of opening some of these illegally closed road allowances, or is he one of those people who says that they will open one of these over my dead body? Mr. Chairman, I'd like to hear the minister respond. I can assure him that this issue will not be dropped, and if he thinks it's a witch hunt, he hasn't seen anything yet, as far as I'm concerned.

MR. COPITHORNE:

Well, Mr. Chairman, I've gone into great detail in explaining the road allowance policies throughout Alberta. It is a local problem. The municipalities have the full right to either apply to have their road allowances closed, or they can open them if they care to. If there is a road allowance that has to be closed under the present policy, they do have to advertise it and then they apply to the department to see if it is all right to close it. Then it is closed and they can lease it to whom they want.

It is entirely their business whether they do or whether they don't close or open road allowances. The municipality, the local government -- it's the same way in our urban areas, only urban areas aren't required to apply to the minister for permission to open or close it. I don't know how much clearer it can be. So it's entirely a municipal and a local government's problem.

MR. LUDWIG:

Mr. Chairman, I don't agree with anything the minister has said -- certainly road allowances are under the jurisdiction of the municipalities, but I'm saying they can't close any road allowance that is now open without the minister's approval -- the Minister of Highways' approval.

But that is not that important. The important thing is to get somebody on the government side who is going to show the least little concern for the public concern, to see if something can be done to open some of these road allowances to which the people are entitled.

And I'm saying the minister is avoiding meeting this issue head on. He's ducking in every direction possible and I'm saying that he either just hasn't the courage to face it, or he is afraid to face it. I've challenged him in every respect. He's not the kind of man who will not accept a challenge, but he will duck this issue every chance he gets, and all I can tell him is that he's going to have to continue ducking, because the pressure is mounting and we'll certainly scream for an investigation, a committee study, or if he feels that my allegations are not proper, let's have a Committee of Privileges and Elections study of this and get to the bottom of everything.

I believe that I am making a legitimate complaint -- a legitimate request to the government to try to open some of these road allowances. What do they do? They are backing off. The challenge has been made, the allegations I made are nothing compared to what citizens are making. I don't have to say what they said, but one person stopped me on the street today -- rather an influential person and I wish the minister could have heard what he said. It wasn't the kind of thing he would say over the air, I am sure. Nevertheless, what can we do to open this matter up? The government refuses, but the people want this issue opened.

I am challenging the government that if they have nothing to hide, let's have a legislative committee struck immediately and do a little study. Study the whole thing, call witnesses and not the ministers, call their friends or somebody and let's have an investigation if you are not afraid. But I do think you will smile and grin and thumb your nose at the people as you have in the past and nothing will be done, but I can assure you this is just the beginning of the pressure to get this issue solved.

MR. CHAIRMAN:

The question has been called.

MR. DIXON:

Just a short question to the hon. minister and it is regarding my concern about the moving of the Manchester shops to the Airdrie area. How many people are going to be affected, what are the reasons for moving the shops? The other, Mr. Minister, is: I understand your department or Public Works bought quite a bit of property in Airdrie, the amount of property bought in Airdrie, the estimated cost of replacing the Manchester shops as far as a new building in Airdrie is concerned. Who did we purchase the land from, if you haven't got that, I could make it an Order for a Return. I am concerned about this one particular thing, that you decided to move, which I think is a mistake, but I would like to know the reasons why.

MR. COPITHORNE:

I appreciate the hon. member's concern in this regard. It will affect approximately 50 to 53 people. The shops in Calgary were condemned and they had to be moved. It was felt by the Mayor of Calgary that it was a good move to move that kind of operation out of Calgary, for obvious reasons. The areas we had for the shops was not going to be adequate for a new shop and Airdrie is well connected to the area that the shops will be serving.

I think that probably sums up the total of the reasons for moving the shops. The property was bought by Alberta Housing and this was partly due, first, to giving Airdrie an area of development to reduce the speculation opportunities that might have arisen in Airdrie had there been a scarcity of property for such a facility. The other questions the hon. member would like, the estimated cost and so forth, would be better put on an Order for a Return. It would be more exact than the figures I would be able to give you.

MR. DIXON:

Mr. Minister, could you tell me, offhand, who they bought the property from? I think it was just one owner, if I'm not mistaken. Secondly, what was the amount of actual land - a section and a quarter, am I right in that?

MR. COPITHORNE:

I think the hon. member is right in that. The land was not bought from one owner to my knowledge and I am not sure how many owners were involved. Those questions probably would be better answered on an Order for a Return.

MR. RUSSELL:

Alberta Housing Corporation purchased the land. There is a total of just under one section, a quarter section west of the highway and three quarters of a section east of the highway. The quarter section west of the highway was from one owner. The three quarters east of the highway was from either two or three owners, I'm not sure but I can find out. The rough purchase price was in the neighbourhood of somewhere between \$700 and \$800 per acre.

MR. DIXON:

...with the intention of accommodating the Agrimart as well at the time?

MR. RUSSELL:

The three quarters east of the highway are to be annexed to the town of Airdrie, as well as the one quarter south of the highway. The three quarters east of the highway are proposed for an industrial park subdivision. That was a site in there that we offered to Agrimart and which they turned down, but the other government uses are going in there. The site west of the highway will be for residential purposes.

MR. CHAIRMAN:

Mr. Barton, are you ready for the question?

MR. BARTON:

Yes, Mr. Chairman. It would be quite a mistake on my part if I did not bring up Highway 2A from Triangle to McLennan as to where it stands in priority as to upgrading and paving. I have received a petition with well over 250 names on it and I was wondering if the minister could add any further light to it?

MR. COPITHORNE:

Well, the hon. Member for Smoky River has been pressing me very vigorously for development from McLennan on Highway 2A, and this year I am happy to announce that we will be developing it as far as Winagami Lake.

MR. BARTON:

When you say through to Winagami Lake, is it a new alignment or is it continuing on the old alignment, Highway 2A as it is today?

MR. COPITHORNE:

As I recall, it is continuing on the old alignment as it is today.

MR. CHAIRMAN:

The question has been called. Ready for the resolution?

SOME HON. MEMBERS:

Agreed.

MR. CHAIRMAN:

Moved by the Chairman of Subcommittee B, and seconded by the Minister of Highways, resolved in a sum not exceeding \$126,360,023 be granted to Her Majesty for the fiscal year ending March 31, 1974 for the Department of Highways.

[The motion was carried.]

MR. COPITHORNE:

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

[The motion was carried.]

MR. HYNDMAN:

Mr. Chairman, I move the committee rise, report progress and beg leave to sit again.

[The motion was carried.]

[Mr. Diachuk left the Chair.]

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[Mr. Speaker resumed the Chair.]

MR. DIACHUK:

Mr. Speaker, the Committee of Supply has had under consideration the following resolutions, begs to report same and begs leave to sit again.

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.

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.

Resolved that a sum not exceeding \$126,360,023 be granted to Her Majesty for the fiscal year ending March 31, 1974 for the Department of Highways.

MR. SPEAKER:

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

[The motion was carried.]

MR. HYNDMAN:

Mr. Speaker, I move the House do now adjourn until tomorrow afternoon at 2:30 o'clock.

MR. SPEAKER:

Having heard the motion by the hon. Government House Leader, do you all agree?

HON. MEMBERS:

Agreed.

MR. SPEAKER:

The House stands adjourned until tomorrow afternoon at 2:30 o'clock.



April 9, 1973

ALBERTA HANSARD

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[The House rose at 11:15 c'clock.]