

LEGISLATIVE ASSEMBLY OF ALBERTA

Thursday Evening, April 12, 1973

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

[Mr. Speaker left the Chair.]

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COMMITTEE OF SUPPLY

[Mr. Diachuk in the Chair]

EXECUTIVE COUNCIL (CONT.)

Tourism (Cont.)

MR. CHAIRMAN:

The Committee of Supply will now come to order.

Appropriation 1414 Travel Alberta (Cont.)

MR. LUDWIG:

There are a couple of questions I would like to put to the hon. minister, whether they are to the Minister of Tourism or perhaps the Minister of Industry and Commerce. In looking at this schedule of loans to December 31, 1972, could the minister advise if there have been more loans made after December 31, 1972?

MR. DOWLING:

Mr. Chairman, I know some have been approved. I couldn't be very specific about which ones have or where they are. I will provide that information for the hon. member as it becomes available. I can perhaps inquire of the Alberta Opportunity Company tomorrow to get some indication as to where the loans have been made and so on, and what type of facilities are being built.

One other thing I would like to mention, Mr. Chairman, regarding the Alberta Opportunity Company concerns the letters 'bps' under the terms. Under No. 1 it says, 15 years at 8 per cent bps, which means "blended payments schedule". This means that the interest and the principal of that loan are paid together and are blended. In other words, probably the first payment will be in total an interest payment and as the payments progress the interest will be less and the principal more. That question was asked this afternoon.

MR. LUDWIG:

Another question. It was my understanding that this Opportunity Fund would be used to help industry where it is necessary, perhaps where it is vital and there is a shortage, and ordinary money will not go in to expand the facilities. But I notice we have loans in Banff, Medicine Hat, Edmonton, Calgary and Lethbridge.

I am not saying these loans were not necessary but I am wondering whether we are not using easier government-guaranteed loans to provide competition in some areas which may be competing with the tourist industry that perhaps struggled and fought to attain a certain amount of business. Perhaps ordinary funding was not attracted by sufficient business, or businessmen did not feel that more was needed or that more money was to be made in that area and they, therefore, held back until the tourist demand increased. Are we not perhaps making government-guaranteed funds available to compete with businesses that did

it the hard way? They paid higher rates, and we are providing competition with cheaper money to others who had to do it the hard way.

MR. DOWLING:

Mr. Chairman, that is an excellent point the hon. member makes. Our position in Travel Alberta is to pass judgment on whether the facility is required in the area it is proposed for. If you look at the first page, the loans have gone to Claresholm, Lac La Biche, Sangudo, Niton Junction, Pocahontas which is just inside the park gate at Jasper National Park, 15 miles southwest of Pincher Creek is the description of the location of one of those, Banff, Nordegg, Peace River, Tofield, Edmonton, Drumheller and Medicine Hat. So what I am really saying is, the member's views are certainly well taken. We are aware of the need to expand facilities beyond the major urban centres and outside the areas that are classified now as tourist centres.

In establishing the need for a loan, Travel Alberta looks at the facilities that presently exist there and whether the granting of this loan or approval of the loan application would create an unfair economic advantage to some of the facilities that are already available. In each case they are very careful to examine this and make certain there is no unfair competition and that the facility is truly needed.

MR. LUDWIG:

Mr. Chairman, I appreciate the answer with regard to the names mentioned by the hon. minister, but for instance in Banff it is a seasonal business, certainly, the motel business and the accommodation business. Banff is not crowded all year, although the situation is improving with regard to business during the longer season. But providing 60 more units will, perhaps, create some hardship for those units that are not having enough business during slack season. That's one.

There are two in Banff, but the one I was concerned about was in Calgary. A 52-unit motel -- now Calgary has a lot of motels, and maybe in peak or tourist season it may be that some of these will be available. But the competition during the rest of the year when the tourist season levels off is high, and a lot of people are not doing so well in their motel business. There are many motels that are virtually empty all winter.

So, therefore, I'm wondering whether this competition was the type that warranted cheaper, government-backed funds, whether you are not opening yourself up to the fact that every motel will say that, "I want to expand my operation with a little cheaper interest." It's quite hard to visualize that someone in Calgary needed a loan, for instance, for two licensed dining lounges and two cocktail lounges, furnishings and equipment only. Certainly there is no apparent shortage of this kind of accommodation -- maybe in the area this went into, but I believe that ordinary money will fill the need of this type in both Edmonton and Calgary particularly.

MR. DOWLING:

Mr. Chairman, the hon. member's point is certainly well taken. In regard to the one loan he mentions in Calgary, it had to do with a very specific type of dining establishment, there was nothing of that same type in Calgary.

Regarding the motel units in Banff and so on, I'm sure the hon. member is aware that the percentage occupancy in Banff and Jasper National Parks, as well as the other major areas of tourist attractions, and I include among them Edmonton and Calgary, the demand for rooms and space in these areas is considerable during the peak season. It is our view that with discretion, we must provide these facilities as they become necessary. Again, my view as the minister responsible for tourism is that we must expand our tourist camp over the entire area of Alberta, and we are doing everything we can to provide these facilities in every square inch of Alberta.

MR. LUDWIG:

Mr. Chairman, what assurance do we have that these loans are made to people who are setting up and will stay; that this is not some promotion of perhaps an American unit who comes in here, gets a good loan and sells out? Is there any agreement that the borrowers cannot sell to any foreign owner?

MR. DOWLING:

Mr. Chairman, as I said in the beginning, the entire operation of the Alberta Opportunity Company is the responsibility of Industry and Commerce, and the involvement of Travel Alberta through its resource people is strictly to determine the necessity of the facility. We have nothing whatsoever to do with the details of the loan or the percentage or anything of this nature; we just determine whether, in fact, the facility is a required facility and whether it will compete unfairly with other facilities presently in existence.

MR. LUDWIG:

Mr. Chairman, I appreciate the answer, but my concern is that generally when a person finances an industrial unit and finances it rather heavily, the appreciation isn't merely on the equity of the owner or promoter, but on the whole amount. It is foreseeable that this could be a quick profit within three or four years, a quick capital profit, perhaps to someone who was not even an Albertan. I am wondering if the hon. Minister of Industry and Commerce can assure us if there is any provision taken whatsoever to assure that this will be money to help Alberta business thrive and not provide a quick profit to someone who perhaps is a good fast promoter and can convince the government that a loan is in order?

MR. HENDERSON:

I've got one or two --

MR. LUDWIG:

Mr. Chairman, I wonder if the Minister of Industry and Commerce heard my question or not?

MR. PEACOCK:

Mr. Chairman, I am sorry I didn't.

MR. LUDWIG:

The question I had, Mr. Chairman, was in these loans to all these motels, et cetera under the Alberta Opportunity Fund, what assurance have we got that these loans will not end up as a quick profit for someone outside of Alberta, some American or some outsider? Is there any agreement that this has to be to Albertans only or could foreign corporations get involved in this kind of benefit?

MR. PEACOCK:

Mr. Chairman, certainly in the resale there are no restrictions at all and there is no protection as to whether they pass into foreign hands. As far as the initial loan is concerned, certainly it is one of the stipulations that they must be Albertans.

MR. DOWLING:

Mr. Chairman, if I might add to the information for the hon. member, prior to a loan being approved, the applicant must receive two rejections from a regular lending institution.

MR. HENDERSON:

Mr. Chairman, there are two or three aspects of this particular program that I want to touch on. But before doing it I just want to place on record a comment or two regarding the revised return that we received this afternoon relative to Motion No. 109 and simply point out that while it is a substantial improvement over the original Motion for a Return No. 109, we are still extremely doubtful that it complies with the definitions of location as indicated in the government's own regulations where it says under qualifications under the Alberta Opportunity Fund that one of the qualifications on the part of the applicant is the statement of the location or the proposed location of the commercial enterprise.

I would say, however, in this instance we are prepared to let the matter rest at this point.

But I would like to ask the minister one or two questions, the first one being, do I understand correctly that the government only considers applications from individuals who are unable to get loans from regular commercial institutions?

MR. DOWLING:

No, but one of the requirements of the Alberta Opportunity Fund as I understand it, and these details of course are not in the purview of Travel Alberta, is that two refusals from normal or regular lending institutions must be accompanied by the application for funds. If you wish, you might ask the Minister of Industry and Commerce to enlarge on that. This is as far as my involvement goes.

MR. PEACOCK:

I think it is only fair, Mr. Chairman, for me to enter this discussion. The philosophy of the Opportunity Fund basically is in those areas where there was a need for a capital fund that wasn't forthcoming from the conventional lender, whether it was because of an inflated interest rate or because of a location or because of a set of circumstances. But it wasn't necessarily related, therefore, to the ability of the person to manage or be able to be the entrepreneur in order to carry it on.

These are all, as you appreciate, value judgments. Consequently to enunciate and say that you have to have the last right of refusal in order to get a loan from the Alberta Opportunity Fund isn't quite correct. It does suggest that if an institution is viable and has an earning capacity or if the applicant is in the normal course of events then he will use the conventional sources of money. The Opportunity Fund is there basically to fill a void in which the conventional lender fell short.

There are many areas in which this takes place. When we are talking about tourism we are talking about location. Often the mortgage company won't move out into an area that is either not convenient to collect from, or is considered to be a questionable area in regard to the viability, but not to the person or the ability of that particular area to be promoted within the concepts of promotion of the tourist department. Or it might be an extension of a program that has already been developed in which the conventional lender has identified his limits, because this is the procedure, or limitations in which the conventional lender is confined to. Yet the viability of the company or the motel or the hotel could be enhanced considerably if, at that particular time and place, he could move his unit pace from 'x' number of units into 'x plus' number of units to make it more viable and more profitable because of the whole economic -- whether it be cleaning people or whatever it might be.

So these are the sort of things that you get into in tourist loans and in the whole opportunity orbit. That becomes, it seems to me, rather difficult to identify in black and white, but it doesn't mean necessarily that you have to be the last resort.

MR. HENDERSON:

Mr. Chairman, I would like to continue on this. I guess what is in the back of my mind, Mr. Chairman, is to try to get some feel for the parameters or factors that the government, through the board, takes into account in determining who will receive loans and who won't receive loans. What I am somewhat concerned about is the fact that the eight per cent interest rate is obviously far more attractive than one that almost any borrower can get anywhere in the open market for this type of money, for this type of investment. I think it is probably reasonable to say that the minimum at which you could borrow money for this type of investment, even in a place where they lend money such as Calgary, is probably 9 1/2 per cent or 10 per cent.

I can foresee a real line-up here of everybody in the country who wants to get into some type of a program and who would qualify under the program or the ground rules. The first place they are going to line up is at the doors of the Alberta Opportunity Fund. It raises some real concerns as to the yardsticks, as I say, the parameters, the judgment values that the board goes through in determining who really should qualify for the funds.

And I come back in this regard -- I noticed just in totalling the dollars that are on Return 109, that out of \$10.5 million about 13 per cent went into Calgary and Edmonton, and certainly by normal standards, Calgary and Edmonton are the cream of the crop so far as borrowing is concerned or investment money is concerned. If you can't get it for Calgary and Edmonton, you probably can't

get it for any place in Alberta in many instances. And yet I notice in the application, whatever the judgment values that the board is applying, there is still money that has gone into these two particular communities so there must be something else, other than whether people will loan money in those particular communities.

So when one sees in those cases loans going out at an interest rate which is 1.5 to 2 per cent below the going market rate, then obviously on an operation which comes to Calgary and Edmonton at least, must be considered to be an extremely high-risk, poor investment. And when one loans money at a rate which is 2 per cent below what somebody who is considered a good credit risk is paying, it starts to raise a number of questions when one looks at the interest rates in general, as to the pitfalls this operation can possibly fall into. I think related to that, Mr. Chairman, is obviously the question of the interest rate of 8 per cent for second mortgages which has got to be several percentage points below what you could ordinarily get a second mortgage for in the open market.

I am wondering really how the government justifies the interest rate that is substantially lower than the going rate on investments which presumably are of a fairly high-risk nature. I think, as the minister has indicated, it is not necessarily a rigid ground rule, but the borrower should have looked elsewhere for investment before he came here.

I just don't think the borrower is looking for investment elsewhere before he comes here, because the interest rate is so attractive it's the first place to go. With a \$50 million fund it certainly isn't going to be possible for the government to come anywhere near meeting the demands, because they are undercutting and competing on very attractive terms, in fact, very favourable terms at least 2 or 3 per cent lower than the going market rate, with the commercial institutions.

So it really brings me to the question of how the board is deciding that these investments are really sound and that the money is really going into the best areas when the interest rate itself is not acting in any way, shape or form as a screening mechanism.

MR. DOWLING:

Mr. Chairman, I think it's important that you realize that some of the tourist loans that were made since the development of a tourist-loan program were made prior to our taking over some responsibility for government. It's interesting to note --

MR. HENDERSON:

Mr. Chairman, on a point of order. Under this return that we have before us?

MR. DOWLING:

No, I'm talking about tourist loans and there is something like \$700,000 loaned in the City of Edmonton for tourist facilities, \$100,000 to the City of Calgary and \$300,000 to the City of Lethbridge.

So what I'm saying is that it's been a problem that has been continuing and is not one that you can solve overnight. It is obvious that both the former administration and ours has had some difficulty in determining what is a needed facility and what is just a facility that is going to be built.

So with due respect to the hon. member's question, we are having that particular problem too, but our Travel Alberta organization is very cognizant of the fact that money is more available in these city centres, in the major urban areas of Alberta. They are also cognizant of the necessity of developing facilities outside of the major tourist centres, and without legislating this type of thing, have rather given preference to applications for the urban areas outside the tourist centres. I hope that in part answers the question for the hon. member.

MR. HENDERSON:

It does in part. But I'm still concerned about the fact that a program of this nature is really charging an interest rate which is some 1.5 per cent absolute minimum below the prevailing commercial rate. And when governments start subsidizing commercial enterprises in this manner, particularly even on

second mortgages which must be 5 per cent probably below the going market rate, it gives me some cause for concern.

If we can do this, for example, it would seem to me maybe we should be subsidizing our home buyers in their interest rates and their mortgages, because very clearly this is what the program is doing. I think the program, quite frankly, would be on far firmer ground if the interest rate charged were at least equal to the prevailing commercial market rate. Then very clearly, at least one would screen out the applicants who can borrow from accepted commercial institutions, because there is no way this program, with the \$50 million that has been allocated, can meet the market demand. I can see a lot of pitfalls for the board and the program because no matter what they do they are going to be wrong under the ground rules that are established to date.

I suggest just from a sound management standpoint that the interest rate should be comparable to what the prevailing commercial rate is. I think if it were, the program would be on far firmer ground. But the way it is now it can be argued that the public are subsidizing the programs relative to the commercial lending institutions by something like a minimum of 1.5 to 2 per cent. We are only talking about the loans that were made under the tourist industry in this particular return. And I assume that the interest rates that are being made under other phases of the Alberta opportunity program are the same rate. Maybe I'm wrong in that regard. We didn't put a return in on that particular question, but I assume the 8 per cent rate is applicable to the whole Alberta Opportunity Fund.

I really, as I say, question its -- I think it's a good move and it's probably sound to say that there are certain investment opportunities that the commercial institutions are not prepared to touch because of location and because of other factors in it. They won't make the money available at any interest rate and the government is saying in the interest of promoting secondary industry, it is prepared to take on some of these higher risk investments in the interest of a public responsibility. But I would think that when one does it and then also gives them a subsidy on the interest rate, you are getting onto rather thin ice in the long run.

It may start out fairly well now, but basically I still would like to hear some comments as to why the government has decided to subsidize the interest rate in effect, and I'm talking relative, not to what they borrow the money at, but relative to what the commercial lending institutions would put it out at. Why have they decided to subsidize it in the amount of 1.5 to 2 per cent minimum and in the case of second mortgages, probably up to 4 and 5 per cent, minimum? What is the managerial philosophy underlying the selection of the 8 per cent? Why should it not correspond to the going commercial rate of interest?

MR. DOWLING:

Mr. Chairman, just briefly, the obvious purpose of the inclusion of tourism in the Alberta Opportunity Company program is to increase the tourist plant, to increase the tourist facilities all over the province. I would probably agree with the hon. member in the number of points where the loaning institutions are not prepared to take some of the high-risk capital that the Alberta Opportunity Company does take mostly because of the location of the type of facilities that are being built.

In my view, I say again that the Travel Alberta involvement in the total program is strictly to indicate to the Alberta Opportunity Company a need for the facility, and whether that facility meets the requirements of Travel Alberta. I will just explain that in this way. For example, if an entrepreneur who decides he wants to build a facility and borrow some money from Alberta Opportunity Company comes with a proposal to build a motel with a 1,000 square-foot bar and 10 rooms, the Travel Alberta people would say, "No, we are not interested. You are building a bar for the local people and we are interested in developing a tourist plant for the people who are coming to stay in your area as tourists." So they would ask the fellow if he would rethink his plan and present a plan that would provide more facilities for the tourist and less by way of comforts for the local people.

MR. HENDERSON:

Mr. Chairman, I think the thing that brings that whole philosophy and that statement into question - and I know the minister has touched on it - but as one sees such things, in Edmonton the government has seen fit under the fund in the one instance here to loan \$125,000 for 15 years at 8 per cent. I just can't find the logic that would dictate that the government has a responsibility to get into that type of program in Edmonton at those interest rates. Even if it

was at an interest rate that was prevailing commercially, this is fine; but when one looks at those there is bound to be a question raised in the public mind as to what was the factors were that influenced the government to arrive at that decision to issue those funds. There may be some very sound reasons for it, but when one looks at the 1.5 per cent below prevailing market and it's in a location where investment money is available, it raises some very serious questions as to what's going on and what the yardsticks, the parameters, are by which the board and the government judge the applications.

When you go further and look on page 2, there is another one here for \$140,000, once again at 8 per cent for 15 years for a restaurant and 5 motel units on the second floor. You know, it gets a little hard to imagine that there is a shortage of hotel and motel units and restaurants in the City of Edmonton, at least in a relative sense as compared to other parts of the province. You go through a little further and you see another one, \$100,000 in Edmonton again, and 12 years again at 8 per cent. It raises a question: how did the government decide that they should be putting money at those rates into those particular locations?

We go on from there and there are others in here. Here's one for Calgary, \$70,000, which may have been touched on; \$150,000 for 8 years in Calgary, and I think the Member for Calgary Mountain View touched on that; another one for Calgary, \$300,000 for 15 years at 8 per cent. This is for a motel complex including an eight-unit one-storey building, an eleven-unit two-storey building, a thirteen-unit building, an eight-unit building, laundry, house and manager's residence. And I think we simply have to ask, Mr. Chairman, what is the basis of using money at this interest rate in these particular locations?

I suggest it places the whole question of the program under a bit of a cloud in the public eye as to whether there are some politics mixed up in it. How on earth does one single out investments of those types at those interest rates in those locations?

Quite frankly, I can understand when you get outside the major centres, interest money is particularly hard to come by in the smaller areas, and I can understand somebody not having the money trying to borrow \$117,000 in Swan Hills. I can understand it and yet I think I can understand also there is a demand for those facilities in that particular community. It may be considered to be a bit of a high risk, but I can see there is a need for it and some of the problems in it. But I find extreme difficulty in trying to understand why the loans are going out in Calgary and Edmonton at those rates.

And I would ask whether it's the government's intention to continue funding projects of that type at those interest rates in the two major urban centres, because as I say I think it casts a cloud over the whole program when you see those particular items included in the return.

MR. PEACOCK:

Mr. Chairman, if I may enter this discussion: first of all the basis for the eight per cent was originally defined because at the time and place that the eight per cent was struck, of course, it wasn't as prime as it is today. You will notice that the Canada bank rate has increased one half of one per cent so the mortgages are beginning to climb up again.

MR. HENDERSON:

What is the interest rate now, Mr. Chairman?

MR. PEACOCK:

What? The prime rate?

MR. HENDERSON:

What you are putting money out at?

MR. PEACOCK:

Pardon?

MR. HENDERSON:

What is the interest rate that you're putting loans out at now?

MR. PEACOCK:

Eight per cent.

MR. HENDERSON:

It's still eight per cent?

MR. PEACOCK:

But I'm just saying that's how the program was founded. It was to eliminate discrimination between the urban and rural area and whether the principle is naive or not, the fact remains that the rural areas would have the same opportunity as the urban area and there would be no discrimination. Now that was the basis on which the rate was struck in its initial stage.

I would agree from experience that there should be an escalation. I think the Member for Drumheller brought out the fact that there are areas in communities of maybe 400, 500, or 600 people or less in which the return on the money is slower. Therefore the loading charge to the debt that is incurred must be, if they are going to be viable and they are going to be kept alive in the program that we have enunciated as a government, to develop rural Alberta -- we must consider that charge or loading charge as an effective part of the cost of doing business and attempt to identify an interest rate that is at least in a position where it can make some of these operations viable.

Now these are judgment calls. Whether you start at 5 per cent in an area of that nature and escalate it to a 9 or 10 per cent or 12 per cent or whatever it might be in the urban areas to discourage where the conventional lender and the mortgage company has his normal operations, where he is intent upon putting that money out vis a vis the rural area that is more difficult to place -- once again it is a matter of judgment.

However, I would suggest there is a very good point in the fact that you have an escalation, but that is gained from experience once again. And I might suggest that the conventional lender and the banks have the same rate. They might have a plus-prime in regards to the amount of collateral you have, but it is the same position for the same actual asset value that you have whether you live in Acme or whether you live in Edmonton. And so from that basis we probably identified that rate that way.

However, I think I would also be remiss if we didn't point out that the attempt to eliminate the discrimination between the urban and the rural community, whether that be right or wrong, was the basis on which that rate was struck.

I might also point out that in the second mortgage area, without the conditions being exposed to the House of why the second mortgage was necessary, it is many times one of the real problems in the money market to establish a second mortgage when it is necessary. Just because the going rate on second mortgages is anywhere from 12, 14 or 16 per cent, it seems to me that one of the functions of the Opportunity Fund company is to keep those kinds of companies that are viable, and those are the sorts of areas that in many, many cases are found within the urban area rather than in the rural area.

I would refer to a situation of this nature where a motel, a hotel or an industry is at a size in which its economic limits suggest that if it were expanded to include another five, six, seven, eight or ten units, or whatever the case might be, or another layer, that the unit would be viable. In order to raise that money, if they go to a conventional lender the loading charge on the money quickly absorbs whatever increased revenues they will obtain from that increase in size. Therefore, it discourages them from expanding.

Then you have the result we are all facing, and particularly our friend from Fairview here, the starting of takeovers. It is because they are now frustrated because of the fact that they can't move. They are blocked in by escalating interest rates on their expansion to make them move over the top so that they can generate sufficient profits in order to keep them in their operation or in their business. So one of the reasons for a second mortgage at 8 per cent is very, very viable. But once again, it is a judgment and I think you have to analyze the case.

MR. HENDERSON:

Mr. Chairman, I basically concur with it as far as it has gone. I think there is one big difference though between this program and the commercial

lending institutions, as far as a flat interest rate is concerned. They avoid the problem of rural and urban by simply not loaning the money in the rural area. I also agree, of course, that if we are going to formulate ground rules which are comparable to commercial institutions there is no point in having the program in the first place. So there has to be some consideration in the matter.

It might help to put some of the concerns to rest, Mr. Chairman, if the minister is able, for example, on the return, page 2, to give some indication -- there is a case here of \$125,000 for a 22-unit two-storey motel. Is the the minister able to comment without getting into any great detail?

There is another one for \$140,000 for five motel units and a second floor, and another one for \$100,000 for alteration expansion of 23 units. If he is able to comment by way of illustrating the factors the board would take into account in assessing those loan applications and how they decided to loan funds in those particular instances at those particular interest rates.

MR. DOWLING:

I can say again, Mr. Chairman, virtually what I said before. I have been given to understand that there are any number of applications for loans in the major urban centres which are refused on the basis of the need for those facilities and to finance them by the Alberta Opportunity Company.

The ones that have been approved have been approved because of a need being proven to the Travel Alberta organization. That is really the only basis on which I can comment.

The ones that are refused are refused on that very same basis. Is the need there and is the facility designed in such a fashion that it will really serve the people touring Alberta?

MR. HENDERSON:

Mr. Chairman, that may be fine when we are talking about dealing with areas outside the two major urban centres, where there is a need and the commercial lending institutions won't meet the need. But that doesn't effectively deal with the question of the loans that are made in places such as Edmonton and Calgary where the commercial institutions are very active, and secondly where there is probably the greatest concentration of facilities any place in the province of Alberta.

So there must be some other reason or reasons that were taken into account, and I'm talking in a general way, that would explain why the loan was made. Again, if the minister could look at Item 11, \$125,000, was it because it was increasing the operation to make an economic unit out of it? Was the guy going to go under if he didn't enlarge the scope of it? What was the basis for it? Was it a brand new operation? This type of thing is what we are looking for.

MR. DOWLING:

Yes, Mr. Chairman. I can say that this particular one, the \$125,000 one in Edmonton, was a new operation. I can't be any more specific than I have been regarding the location. I know there have been some loans made for establishments on the outskirts of towns, but whether this is one of them or not, I really wouldn't be in a position to say. But I would suggest that Travel Alberta would have that in mind. If the loan was for a major motel or hotel complex downtown, I doubt whether they would even consider giving their tacit approval to it.

Item 16 is a restaurant and five motel units on the second floor. There again I am not in a position to comment on that except that again, if it were on the outskirts in an area around that city, it would be given priority most certainly above an area right downtown. I cannot enlarge beyond that, Mr. Chairman.

MR. HENDERSON:

Is the minister saying that neither he nor the Minister of Industry and Commerce has any knowledge specifically relative to these particular loans in question, that all you know is that the board made the loan in question and you have no knowledge beyond that as to why money was loaned in these major urban centres, notwithstanding the fact that commercial funds are more readily available than they are, generally speaking, in the smaller centres of the province?

MR. DOWLING:

Mr. Chairman, as I said before, I have nothing actively to do with the Alberta Opportunity Company. I see none of the applications except to get a report indicating how many units have been built and what we have accomplished through the Alberta Opportunity Company.

But the rules are fairly stringent for Travel Alberta. Again, it is simply to pass judgment on the need for the facility, bearing in mind all of these things we have discussed and the hon. member has mentioned. We have discussed, I should say, too, as the hon. Minister of Industry and Commerce has suggested, variable interest rates and things of this nature. Bearing in mind that the program has run about a year, there are going to be some difficulties, which we hope to iron out over the course of the next six months or one year. Really, I've answered the question again and again, I hope to the satisfaction of the hon. member.

MR. HENDERSON:

Mr. Chairman, I'm afraid it isn't to my satisfaction, but maybe the Minister of Industry and Commerce could do it to my satisfaction.

MR. PEACOCK:

If I may, Mr. Chairman, I might just add that in the initial stages, I think it is only fair to suggest that we were vitally interested in stimulating further facilities in the tourist industry. That accounted, to some degree, for maybe maintaining the rate we have.

The second thing, of course, as I have mentioned, is that we are taking under review an escalation of the rates. The third thing is that, for the information of the House in regard to the processing of a loan, every loan that is made by the Opportunity Fund is processed in the House with a House committee, as far as the loan is concerned. Then it is passed to an independent board. If the board passes it, then it is approved, of course. If it is not approved, then it comes into the respective minister's office, either Mr. Dowling or myself, and we have a chance to look at it and to go through the reasons for the turn-down of the loan. Having then identified the turn-down, we would either accept the recommendations of the board or the in-house which in most cases are valid, and if there isn't anything untowards, why we will accept that situation. If there is anything of an unusual nature then we will be asked to go back to the department to recheck. So that is the procedure and having said that it would indicate that from the loans that you requested here today, that have been approved, have been out of the purview of politics entirely, because they have been in the board.

MR. HENDERSON:

Mr. Chairman, by inference I gather the minister is saying he does not examine loans that are approved by the board. The only loans he looks at are ones that are rejected by the board and that somebody complains about, is this the --

MR. PEACOCK:

I didn't say that. The concerns we would have are with the ones that are turned down by the board. You have an opportunity to review all of them, but I am saying that the ones that are reviewed or approved by an independent board -- there is no reason to pay specific attention, to know all the details about them, so that you can report in this House.

MR. HENDERSON:

Well, I can't quite agree it is as simple as the minister would like to lead us to believe, because the specific questions we are raising are quite valid. I gather the minister said yes, the minister does see all loans that are approved and he doesn't specifically approve them but they come across his desk and he has access to the information. He can question them, I presume, if he has questions about them, whether they are approved or disapproved.

Could I ask, Mr. Chairman, the question whether it is the government's intention to continue to make funds under this program available to Calgary and Edmonton?

MR. PEACOCK:

Yes, Mr. Chairman.

MR. HENDERSON:

Mr. Chairman, what is the review all about?

MR. PEACOCK:

I don't understand the question.

MR. HENDERSON:

Well, the minister said the program is under review; it's only been going for a year; you're examining it to see what you are going to do with it, so what are you reviewing?

MR. PEACOCK:

I thought I explained that we are looking at escalation of rates. That is a review, isn't it? Whether you have a 6 to 12 percent or whatever it might be, isn't that a review?

MR. HENDERSON:

But one thing in the review -- is it still the government's intention to continue despite the fact that commercial lending institutions do make funds available in Calgary and Edmonton, to continue to loan money under this fund where, in the wisdom of the parties involved, it looks like it is desirable to do so, in Calgary and Edmonton?

MR. PEACOCK:

Certainly, we don't believe in discriminating in this party in a rural area against an urban area. That is one of the reasons that we eliminated the grants and the districts. That is one of the reasons that we changed the DREE program. As far as we are concerned, we don't believe in political areas.

MR. HENDERSON:

Mr. Chairman, I find that statement rather hard to swallow in light of all the political platform of this party that was going to -- they were saying the urban centres of Calgary and Edmonton are growing too fast and there should be more effort put into developing industry and secondary industry in Alberta, into decentralizing and moving government offices to Camrose, moving government offices to Ponoka. So let's not have the minister stand up and say they are not discriminating. They are and I'm not being critical of it. In fact, I am wonder if they should be a little more discriminatory in this particular matter, because they have made the statement they are trying to put some impetus into accelerating development in the rural areas. They are doing it, it is very obvious. So let's never mind the political rhetoric and hogwash in the minister's last remarks. He was doing pretty good up until that point.

But I gather the minister is going to continue to hand out money to areas, under this program, notwithstanding the fact that it is available through a variety of commercial institutions, particularly in Calgary and Edmonton. That is all I want to get on record, the minister's answer. I'm afraid I can buy that it is a statement of fact. I don't necessarily agree with it except that when the minister says they are not discriminating, as I say, I think he has kind of forgotten some of the election rhetoric that we went through two summers ago.

MR. LUDWIG:

I was rather impressed with the minister when he says they are not discriminatory but I find on page 9 here we have a preferred customer: \$150,000 Calgary eight years, 8 per cent semi-annual loan and it is for two licensed dining lounges and two cocktail lounges, furnishings and equipment only. Is this a chattel mortgage loan?

MR. PEACOCK:

[Not recorded]

MR. LUDWIG:

Well, Mr. Chairman, it is obvious from the reply that at the bottom where loans are secured by chattels only, at the bottom, "loan proceeds are advanced on the basis of inspection and audit of actual expenditures." So it says on this one, "audit of actual expenditures," and here is a chattel mortgage loan, \$150,000 at 8 per cent. Now I am saying that you are discriminatory here because this is the only customer in Alberta who can get a chattel mortgage on a commercial basis at 8 per cent unless he is borrowing from his relatives, and even then he wouldn't get it.

So you are discriminatory here. You have a preferred customer and you are giving somebody an 8 per cent chattel mortgage where other people have to pay 12, 15 and generally 18 per cent. Generally 18 per cent and here is a customer who has got 8 per cent. I feel that there is a little bit of discrimination on this one. Furthermore in Calgary, application for dining lounges and cocktail lounges for licences through the Liquor Control Board are not easy to come by. If you find that you are going into a crowded area, they will try to discourage you from moving in and concentrating too many lounges and drinking establishments in too small an area, particularly downtown, although lately they have been giving licences a lot easier. But the Liquor Control Board generally discourages too many of these, so I presume that this one must be a bit on the outskirts.

But there is no shortage of money, no shortage of people wanting to go into the dining lounge and cocktail lounge business. A lot of people have financed very heavily to go into this kind of business. They can borrow money, they are doing it every day, but this particular customer is a preferred customer. This is a discriminatory position where he got a chattel mortgage, \$150,000, eight years, 8 per cent semi-annually, and it says furnishings and equipment only.

I would like to know when in the last several years anyone got a chattel mortgage of any size at that rate, so perhaps there should be an explanation why we have one preferred customer, but particularly in this area where there seems to be a tremendous number of these establishments. Now I think that this one in particular -- we ought to get the name of this one. This one looks like it is a new cocktail lounge and dining lounge in a shopping centre, and it looks like a lease-back operation, and I am wondering, Mr. Minister -- Mr. Minister, I am wondering whether this is not The Toby Jug in Huntington Hills, because if it isn't, it shouldn't be anybody else.

Could the minister tell us if it is that one in particular, because if it is, I think that our quick-draw Deputy Premier ought to get this one into the Committee of Privileges and Elections awfully fast.

Were you going to answer that one as to whether it is The Toby Jug in Huntington Hills?

MR. CHAIRMAN:

I wonder if the hon. members would not overlook addressing the Chair please?

MR. LUDWIG:

Yes, I'll address the Chair, Mr. Chairman.

To the minister, I would like to repeat the question. Is this loan of \$150,000 to the Toby Wong establishment in Huntington Hills, Calgary?

MR. DOWLING:

Mr. Chairman, I am unable to answer.

MR. NOTLEY:

Mr. Chairman --

MR. LUDWIG:

Would the hon. minister find out and advise us?

SOME HON. MEMBERS:

No.

MR. LUDWIG:

Is he pleading what I refer to as the fifth amendment?

MR. NOTLEY:

Mr. Chairman --

MR. LUDWIG:

[Inaudible]...it certainly smells --

MR. CHAIRMAN:

Order, order.

MR. LUDWIG:

Mr. Chairman, I am addressing --

MR. CHAIRMAN:

Order. Mr. Notley, please.

MR. NOTLEY:

Mr. Chairman, I yield the floor to the hon. Member for Mountain View if he wants to proceed questioning on this particular point.

MR. LUDWIG:

It's all right, go ahead.

MR. NOTLEY:

Well, Mr. Chairman, I would have to say in looking over the second mortgages here and seeing 8 per cent second mortgages that it is almost an incentive to make a capitalist out of every socialist in Alberta, because 8 per cent is really pretty reasonable. I am almost ready to go into the motel business myself.

There are several questions I would like to --

[Interjections]

-- put to the minister. I understand that under the provisions of the Alberta Opportunity Fund, in addition to this rather generous interest rate especially on second mortgages, there is a 30-month period where no payments are made on principal or interest. I gather that is correct, is it not?

MR. DOWLING:

Mr. Chairman, that's a provision that can be made within the agreement but it's not necessarily part of every agreement.

MR. NOTLEY:

Just to follow that up, is that the normal provision that is followed, not necessarily in every case but normally?

MR. DOWLING:

No, that is incorrect. In the application form you can specify what you want by way of terms and the Opportunity Fund executive examines this and makes their presentation. But it doesn't necessarily follow that every applicant receives a 30-month grace period. He may receive none.

MR. NOTLEY:

The reason I ask you that particular question, Mr. Minister, is that I'm wondering if there is any way we can monitor these loans? Once we have made a loan, particularly a second mortgage, we are talking about what could be a pretty risky venture. Is there any way we can monitor our investment in the operation?

MR. DOWLING:

Mr. Chairman, they are very carefully monitored. As I said the other day, out of the total amount loaned, three of the people who have borrowed money are in arrears to a total of \$41,000 and new arrangements have been made for those.

They are monitored all the time. They are checked out. In fact, if the Travel Alberta executive or the people in Travel Alberta feel there is an area that needs examining, they will inform the Opportunity Company and they will send a man out to examine the thing very thoroughly.

MR. NOTLEY:

Mr. Chairman, to the minister. I take it then that Travel Alberta does not really promote any schemes as such. Let us say that in assessing the province in your judgment there should be a tourist facility in a given area. Do you take any initiative in encouraging some private capital to develop there and give them the understanding that perhaps a loan could be made available through the Alberta Opportunity Fund? Or do you wait exclusively until private initiative takes the lead and then you respond?

MR. DOWLING:

Just a little bit of both, Mr. Chairman. What we have done over the last number of months is make available to the general public the terms of the Opportunity Company, and at any time when we have had an opportunity to speak to any of the tourist zones or at the Travel Industry Association of Alberta annual meetings we have made a point of bringing up the Alberta Opportunity Company, indicating that money is available, that there are terms under which this money is available and suggesting that people who are interested in building facilities look in specific areas. For example, if one of the zone organizations from the Peace River country asked me to attend their meeting and speak, I would not fail to mention the Alberta Opportunity Company and the fact that the Peace River country offers such great potential for the tourist industry.

MR. NOTLEY:

Mr. Chairman, just another quick question and an observation. In looking at the loans in the south Peace, I was a little disturbed to find that two loans in the amount of \$650,000 had been allocated to Grande Prairie, a growing city where I would judge it wouldn't be all that difficult to get money from the commercial lending institutions.

The only other loan authorized in the south Peace was \$50,000 to Hythe. I would wonder whether or not there were other applications in different districts of the south Peace that were turned down and why they would be, because it seems to me that if we are really talking about developing a diversified economy in the province and providing opportunities for our smaller communities; just as Edmonton and Calgary should take second fiddle to the smaller cities, I think the same might well be considered in terms of the smaller communities in a given region. When I see that approximately 90 per cent of the money in the south Peace has gone to a very thriving city, I just wonder what the reasons are for that.

I would like to just close with an observation. I certainly agree with the hon. Minister of Industry and Commerce when he suggests they are reviewing the proposition of a sliding scale of interest rates. Because I think he's right on. If we are going to encourage decentralization in the province, then we have to provide a differential interest rate for the smaller centres. I think Edmonton and Calgary are in a strong position. People can go to the commercial lending institutions. Rather than any of this money going into the major cities it seems to me far better that this money be used to develop the operation whatever it may be, whether it's a tourist facility or a small industrial operation, in the smaller communities of the province.

MR. DOWLING:

Mr. Chairman, the last point of course, as I indicated, is well taken. I would like to mention though that in the Peace River country generally there have been a number of loans: \$20,000 to Manning; \$50,000 to Hythe; \$500,000 to Slave Lake; Fort Vermilion, \$171,200; Rainbow Lake, \$63,000 and so on. And I agree that there have been some loans to Grande Prairie. But we have done, I would say, a commendable job in Travel Alberta in attempting to stimulate the private sector into investing. We had one project moving ahead at a very rapid rate in a rather isolated community in the north Peace country. Unfortunately

at the last minute they had some problems in their managerial area and the loan didn't go forward. I was totally disappointed that it couldn't. I am extremely aware of the Peace River country and the need for additional facilities up there and additional facilities beyond the borders of Alberta. So we are doing everything we can to stimulate that tourist plant growth in that part of the country as well as other areas where it is decidedly lacking.

DR. BOUVIER:

I'd like to ask a few questions primarily dealing with the method in which you investigate these applications and how you determine that a facility is really needed. I'm thinking specifically of course of the one which I'm most familiar with in Lac La Biche; I don't have to ask you who the owner is. It is a motel complex of 30 units. What it doesn't say there is that it has a very large bar and it has got a cocktail lounge and it has got a dining room which was the prime reason for the loan. The thing that's amazing is that it says it was raised by IDB, first mortgagee, which must have lent at at least 10 per cent. They are getting money now at 8 per cent on a second mortgage.

You say that the loans are not to produce undue competition. This is why I'm wondering how they've investigated this and how they've determined that the additional motel units and this cocktail lounge and this big bar and this dining room were necessary in view of the fact that in Lac La Biche most of the rooms are rented to travellers during the week and are empty on weekends when the tourists come, because most tourists come by trailer and tent and so forth. It has produced undue competition so now there are rooms empty week round and during the week. I'm just wondering how your people go about determining whether these facilities are really necessary or not, and that they won't produce undue competition.

MR. DOWLING:

Well, just judging by that particular loan, No. 2, if you will look on the return, it would appear, since it's only \$25,000, Mr. Chairman, that it's obviously a slight upgrading and a slight addition to the plant. Certainly \$25,000 would not build a motel complex with 30 rental units. But it would appear from the information there that it was obviously loaned to this organization because it was felt by Travel Alberta and by the Alberta Opportunity Company that there was a need for upgrading, a need for adding something in the way of facilities to that complex that were not already there. So it didn't add any competition that IDB didn't produce by making the initial loan. It perhaps just upgraded that facility to the point where it could offer the travelling public something that the Alberta Opportunity Company and Travel Alberta felt was necessary.

DR. BOUVIER:

You didn't answer my question. My question was: in what manner do they gather their information and how do they arrive at the conclusion that a facility is needed, that it is desirable that it should be upgraded or built? I'm just wondering about the mechanics of how you go about getting your information?

MR. DOWLING:

Right. I'm sorry, I neglected to answer that question, Mr. Chairman. Obviously there will be appraisers involved. In this case they indicate IDB appraisers were engaged. I would suggest too that with any Alberta Opportunity Company loans of a tourist flavour the proposed plant area would be inspected by Travel Alberta staff of one type or another.

We have a very competent motel-hotel inspection staff which would probably be enlisted in this particular case to pass judgment on whether this upgrading was necessary. I have no doubt that it perhaps was. This is one of the failings in the smaller communities, that a facility has been there for perhaps 20 years without any upgrading, or maybe even less than that without upgrading and so on, and the loan in this particular case would probably be for that type of spending I'm sure.

MR. ANDERSON:

It is in regard to Loan No. 31, for a half a million dollars for Lethbridge for a 96-unit motel and I was wondering if this was a new motel or is that an addition to a motel that is there already?

MR. DOWLING:

Mr. Chairman, I'm sorry, I'm not able to answer that. It's a 96 unit is all I can say.

MR. ANDERSON:

I see there is a second mortgage on this for a half a million. I'm just wondering, you don't know the name, you wouldn't know if it would be Fred Weatherup at Lethbridge do you, in that motel?

MR. DOWLING:

Yes, I do know Mr. Weatherup; he has something to do with the Housing Corporation; that is how I know him. I do know that this is -- on further examination, I recall this loan. It is a new one and I have no idea of anything else other than the fact that it is in Lethbridge, it's \$500,000, and when it is completed it will be appraised. I should mention too, Mr. Chairman, that there are also accounting people on the staff of the Alberta Opportunity Company who will examine the facilities and the financial plan.

MR. BENOIT:

Just one question, Mr. Chairman, and that has to do with the number involved. I believe it was about the end of last year that you made a statement to the press to the effect that there were 80 out and there are only 60 shown here. I just wondered --

MR. DOWLING:

Yes, Mr. Chairman, that figure -- naturally being interested in tourism a guy gets a little carried away. I wasn't carried away in this instance. There are a number of industrial loans that were made under the Alberta Opportunity Company which I've had an opportunity to peruse, only the type of manufacturing concern or whatever: there are some that manufacture trailers, some that manufacture tenting equipment, some that manufacture souvenir pins, et cetera. In total there were approximately 20 of these that would in my view -- of course everything in the world relates to tourism, Mr. Chairman. In my view of all those loans, there were 20 that could be classified as being somehow related to tourism -- like agriculture is.

MR. HO LEM:

Mr. Chairman, I wonder if I can draw the attention of the minister to Loan No. 5. I wonder if he wouldn't mind explaining to me the rationale in making this loan. When you take a look at the details of the property, it contains a motel complex consisting of 41 cabins, residence, office, store, laundry facilities and a swimming pool. Now I would think that this would seemingly be in the neighbourhood of \$1 million or close to it. I can't understand why this particular firm, with an operation of this size, can't go to the nearest bank and borrow the measly \$7,000.

Now, having made the loan, I'm wondering why the department is giving him five years to pay back \$7,000 out of a big operation such as this.

MR. DOWLING:

Mr. Chairman, that particular one happens to be one that is dear to my heart. Not that I had anything to do with the establishment at all, but it happens to be just inside the park boundaries and I didn't know what No. 5 was until today, or until the material was gathered. Pocahontas is just about five or ten miles within the park boundary, Mr. Chairman, and I seem to recall that at about the time this loan was being made there was a change in ownership. It was an upgrading situation. Because the fellow was perhaps a little over-extended, he asked for the loan. It was of such a quantity and the securities were so good, and the motel, I think, is worth about \$.25 million, not \$1 million, \$.25 million. I would suggest it would be about that. I am not in the motel business either, so I am not a judge of these costs. But in view of the size of this loan, \$6,860, it seemed like a reasonable one to me -- it would seem, if I was asked to pass it.

MR. HO LEM:

Looking over the list that's presented here, it would seem that many of these applicants already have been established and built; some of them probably have been operational for a number of years. They went through the regular

channels of conventional financing probably at a rate exceeding 8 per cent. And then see this Opportunity Company offering an 8 per cent rate. So naturally they are going to come and borrow to pay their existing mortgage and thus gain several percentages in rates. This in itself defeats the entire purpose of this company. Would you like to comment on that?

MR. GHITTER:

Mr. Chairman, I just think that the record should have certain things on it with respect to what we've heard from the members opposite at great length this evening for the last hour and fifteen minutes. It is interesting, I might suggest, if one were to look back on the debate relating to the Alberta Opportunity Fund, to determine what this great surprise is in the members opposite with respect to the approach that this government has taken regarding the allocation of funds under the Opportunity Fund.

The hon. minister when he introduced the bill stated, and I quote from Hansard:

Interest rates applying to all undertakings under this program shall be retained at moderate levels at all times, to ensure the greatest growth possible. All emphasis in the program is upon firstly, the individual Albertan who is a resident, and thereafter, upon the rural community, the small business enterprise and industry in general, and the province as a whole without discrimination of any kind.

At the time this bill was introduced, Mr. Chairman, it was clearly expressed by the minister that moderate interest rates would be adopted at all times with respect to the application of the fund. The fact that an 8 per cent interest rate is being utilized merely corroborates the point of view of the minister when he introduced the bill.

But the most interesting part of the whole matter is the representative of the members opposite, the Member for Calgary Bow, when he is speaking on behalf of the party as the critic for this very Opportunity Fund, talking in terms of what the Opportunity Fund should do, stated in Hansard, and I quote: "And we support projects and facilities that enhance the tourist potential of Alberta. And we agree."

So now we sit one full evening, an hour and fifteen minutes this evening listening to these cries of anguish from the members of the opposition because we happen to be agreeing with them by endeavouring to enhance the tourist potential of the Province of Alberta. I think the position of the members opposite is absurd. We should get on with the business of this House.

MR. HENDERSON:

Mr. Chairman, obviously there is a difference in the definition of the word "moderate". What he is calling "moderate", we are calling a bit of a giveaway. And I suggest, Mr. Chairman, that we basically still concur with the basic objectives of the program. But the return that has been tabled today -- and I notice the Deputy Premier is looking backwards again as he usually does. He seems to have more preoccupation with the past than the future.

We suggest, Mr. Chairman, that we are pointing out some very legitimate pitfalls that this government is going to get into in the way it is administering the fund. And I think some very serious doubts have been raised as to the criteria it used and the basis on which it is doing it. I suggest to the hon. members that maybe they themselves better take a real good look at what is going on behind the fund before they rush to their feet to suggest that the points being raised by the opposition aren't of some legitimate concern. Because --

MR. GHITTER:

Mr. Chairman, on a point of order. If the hon. Leader of the Opposition has some information to impart to the House, then let him do so without sitting back imputing guilty knowledge to the members on this side which doesn't exist. Surely there is an onus upon him, if he has information, to come forward with it instead of standing back there flipping pages and talking about things he is not telling anyone about.

MR. HENDERSON:

Mr. Chairman, after a rather lengthy debate on getting a motion before the House and rather a lengthy debate yesterday afternoon about getting the Order

for Return complied with, I think we finally have some information in hand that is going to make that task a little bit easier. I wouldn't want to put the hon. member completely at ease at the present time by saying there is nothing to the exercise they are going through. I'll let him ponder on it.

But I suggest, Mr. Chairman, when the government goes out in areas where funds are available from commercial institutions and loans funds at interest rates that are a minimum of one and a half per cent below the prevailing interest rate, and in addition gets into the area of second mortgages at the same rate, it is heading for some pretty serious trouble.

It isn't necessarily a case of suggesting that there is some impropriety going on, but I do suggest it calls into question the judgment being used as the basis for arriving at the decisions as to which loans it is going to accept and which it is not going to accept.

MR. KOZIAK:

It's on the next page.

MR. HENDERSON:

And I would point out from a practical political standpoint, when the government gets into these particular programs -- I'm just trying to make the members guess which one I'm going to ask about next. But the --

MR. FARRAN:

Point of order. Could I make a guess? Could I make a guess? Would the hon. member permit --

MR. CHAIRMAN:

Order, order, order. Mr. Farran, you must be in your place.

MR. FARRAN:

-- just to contribute to the --

MR. CHAIRMAN:

Order. Mr. Henderson, please.

MR. HENDERSON:

I suggest, as usual, the Minister of Telephones and Utilities is sounding off in the wrong place.

I suggest, quite sincerely, that the government -- and I'm sure I'd be quite surprised if the Minister of Industry and Commerce himself didn't agree that it has to re-examine some of the ground rules on which the program was based, because you are going to have a line-up of borrowers coming at you so thick and fast and deep when you are offering loans at these interest rates that you are never going to be able to wade your way through them. Anybody in his right mind who is trying to get into this type of business any place in Alberta, at these interest rates, obviously should be beating a path to the door of the Alberta Opportunity Fund, because it is not a moderate rate when it is viewed in relationship to the commercial lending rates. It's a giveaway. So I find the definition of what the Member for Calgary Buffalo considers to be moderate is somewhat ill-placed in this particular instance. Quite frankly, Mr. Chairman, I always enjoy exchanging rhetoric with the members opposite, and particularly when the Deputy Premier wants to look backward and so forth. But I suggest we would like to get on with the examination of the estimates.

MR. CHAIRMAN:

The question has been called.

MR. LUDWIG:

I think we should get back to that one of \$150,000 in Calgary, the one with the chattel mortgage at 8 per cent for 8 years. Bearing in mind that a lot of chattel mortgages start at about 12 per cent, they are short term loans, with fairly stiff payments on a \$150,000 loan. I believe that that customer, the preferred customer in this case because he is the only one in Alberta who got such a break, could invest that \$150,000 at about 5 per cent profit or maybe

even as high as 10 per cent in the chattel mortgage field, make \$15,000 a year on this loan by merely investing \$150,000. The question I want to ask the hon. minister is that they have loaned roughly \$1,300,000 in the three parts in Alberta. I presume it may be wrong, that these are not loans by way of mortgages on free-hold land. Are these chattel mortgages or personal guarantees rather than mortgages on real estate?

MR. DOWLING:

The hon. member obviously knows, Mr. Chairman, that the land within the national parks townsites is not owned, but is on lease. Many of the leases on which the people build facilities or residences are leases which are renewable in perpetuity. That was settled in the courts of law, in the Supreme Court of Canada not too long ago. In the cases where these leases are not renewable in perpetuity they are renewable in most cases for a 42-year term on 42 increment years, for 21 years, 42 years again or whatever, but most of them are renewable. I don't know of one commercial venture that has built on a 42-year terminating lease a motel, a hotel or a retail establishment of any kind.

MR. LUDWIG:

[Inaudible]... security taken by way of assignment of lease, or are the leases not assignable?

MR. DOWLING:

I would imagine that security does include assignment of lease as well.

MR. LUDWIG:

Could you find out for us for a specific answer? Also I wonder whether he intended to check out the one in Calgary as to whether that one is a loan, and particularly in the Huntington Hills area, for the simple reason there is no justification for a loan, a chattel mortgage loan, at 8 per cent for a liquor lounge and dining lounge because you are competing with people who have to pay a higher rate of interest. It is unfair competition in my opinion unless there are some very special circumstances where nobody else would go in and the government wanted to see an establishment there, according to the argument or the reasons advanced by the hon. ministers. So unless we can have that information, I believe this one is particularly questionable and I don't believe the government intended to go into the dining lounge business in big cities in competition with people who have to pay higher interest rates.

Will the minister provide this information in due course?

MR. CHAIRMAN:

I wonder if the minister didn't catch the question.

MR. LUDWIG:

Will the minister provide that information in due course?

MR. DOWLING:

Mr. Chairman, I will provide the information on the parks for sure. With regard to the other information, I'm afraid I can't be that specific regarding any particular loan. I will leave it at that.

MR. LUDWIG:

[Inaudible]... that the Minister of Industry and Tourism said that any hon. member may go to his office and check these loans, I request permission to see if the minister will stick by his promise. May I come into the office and check out this loan in particular, Minister of Industry and Commerce?

MR. PEACOCK:

Yes.

MR. LUDWIG:

Thank you.

MR. NOTLEY:

Mr. Chairman, I wonder if I might just ask a question to the hon. Minister of Industry. If I understand you right, Mr. Minister, you said that once the board of the Opportunity Fund has turned down a request you can then reassess it? Is that correct?

MR. PEACOCK:

Mr. Chairman, what I said was that all the applications for loans went through an 'in-House' committee, then they went to the board and then they were passed to my office for signature. I said at that time I had a chance to review them. The ones that are turned down are naturally the ones I would pursue.

MR. NOTLEY:

Can you advise the committee how many tourist-oriented loans you have, after reviewing them, decided to accept in terms of the fund allocating money which had in fact been turned down by the board?

MR. PEACOCK:

Mr. Chairman, the tourist loan works a little differently. That goes to Mr. Dowling's office first for approval.

MR. DOWLING:

Mr. Chairman, what happens to these, when the Opportunity Company refuses an application, they specify in their refusal what is wrong with the application and why they refused. In one particular instance I can give you without being specific, the application was refused because of a need in this application, according to Travel Alberta, to add a particular item to the facility. The person who made application wasn't willing to make this addition to his application and so it was refused, and the reason for suggesting this was nothing other than to enhance the proposal and to make it's viability more secure.

MR. NOTLEY:

Mr. Chairman, I can appreciate there would be different reasons. My question to you Mr. Minister is, of these loans which have been turned down, how many have you, once they have come to your desk, reassessed and said, all right, the Alberta Opportunity Fund will make the loan?

MR. DOWLING:

Mr. Chairman, I have no opportunity to reassess any loan. The Opportunity Company does that.

MR. TAYLOR:

Mr. Chairman, I am a little astonished at the information that so much authority is given to the board. The board is not a Crown corporation. The board is operating under a department, and even if it was a Crown corporation, surely the minister of the department is going to have to take responsibility for the actions of that board. For the minister to say that no loan is made without the approval of the board is in reverse. I would think that no loan would be made without the approval of the minister. Surely the board isn't taking authority over the minister. Who is the government, the board or the government? That is not democratic government. The minister must take responsibility for the actions of the board. The hon. Deputy Premier can smile and talk to himself if he wants, but that is what democracy is all about.

The government is elected to govern and that is one of the objections we have to having all these corporations and Crown companies et cetera where the authority is taken from the minister, and he gets at arm's length. And there is nobody to reply.

It was mentioned the other night briefly by the hon. Minister of Telephones who was using the fact that it was a Crown corporation and consequently he didn't have to answer. Later he changed his tune, and properly so. The company is an agent of the Crown under your own regulations and under the act. The company is an agent of the Crown; the Crown isn't the agent of the company.

So the hon. minister is getting this thing twisted pretty badly in my view. I can see that the board is required to do much of the footwork, but to simply

say we are not going to do anything about it, or we are not going to change any decision of the board, I think is not carrying out the responsibilities of a minister of the Crown.

A minister of the Crown is responsible, and certainly each minister can use his own technique. Some ministers may want to look at every one after all the details have been secured, before the final approval. Others may take samplings here and there so they know what is going on, but the two hon. ministers tonight appear to take the attitude that the board, the committee, is the government. And if they approve it, that is sacred and the ministers can't touch it.

I have a lot of confidence in the people on the board, at least the ones I know, but I certainly wouldn't want to say that their decision should be final in a democratic government. The minister's decision should be final, and if it isn't done that way, then we haven't got responsible government. If the minister is concerned about it he takes it to cabinet because the cabinet is responsible to the Legislature and the board is responsible to the minister. And unless you follow that through step by step we haven't got democracy at all.

So I would suggest that the hon. ministers change their technique entirely if they are taking the attitude that the government is the agent of the company. And I would refer them to Section 4 of the act, "The company is an agent of the Crown".

DR. HORNER:

So is the Treasury Branch.

MR. TAYLOR:

Exactly, and its powers under this act may be exercised only as an agent of the Crown. Yes, and the government has to take responsibility for what goes on in the Treasury Branches too. I am not getting pulled away on the --

DR. HORNER:

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

MR. TAYLOR:

Sure.

DR. HORNER:

Could it be that the minister, the Provincial Treasurer has to be responsible for and to OK every loan made by the Treasury Branches?

MR. TAYLOR:

Well, Mr. Chairman, the hon. Deputy Premier hasn't thought his question through to a finish. The Treasury Branch is not loaning public money. The Treasury Branch is loaning depositors' money, and when you deposit your money in the Treasury Branch you sign a slip saying the Treasury Branch may loan that money.

DR. HORNER:

Mr. Chairman, would the member permit another question?

MR. TAYLOR:

Sure.

DR. HORNER:

Is the Treasury Branch not guaranteed by the Province of Alberta? Is it not one of the things they use in their advertising, guaranteed by the Province of Alberta?

MR. TAYLOR:

Mr. Chairman, if the government feels that there is a responsibility on its part to make sure that there is no loss of Treasury Branch funds, then it can peruse every one of those if it wants to, but you are not loaning public money. You are loaning depositors' money,

DR. HORNER:

Guaranteed by the Province of Alberta.

MR. TAYLOR:

Well, if you put your money in the Treasury Branch you agree that that money will be loaned --

DR. HORNER:

Guaranteed by the province.

MR. TAYLOR:

Maybe guaranteed by the province in the final analysis but --

DR. HORNER:

What's the difference?

MR. TAYLOR:

Mr. Chairman, the hon. Deputy Premier should ask himself: what is the difference? The main difference is that this is public money, taxpayers' money. It's not guaranteed - it's taxpayers' money. And if the hon. Deputy Premier is arguing that the government is not responsible for the actions of this company I would like to argue that with him anywhere, debate it with him anywhere, because the whole responsible government would disappear if the company is not held responsible to the minister, and the minister is not held responsible to the Legislature. That's what democracy is all about. If we are not going to do it that way we might just as well have the methods used in Moscow carried out. That's not what we want in this country.

Does the board make loans which the minister does not agree with? That's a very important point. Do the hon. ministers not agree with some of these loans made by the board? Because the hon. minister has reversed what should be. "No loan is made without the approval of the board" said the hon. Minister of Industry and Commerce. Is any loan made without the approval of the minister? Is any loan made with which the minister heartily disagrees? The answers to those questions indicate what I'm trying to prove, that the minister must be held responsible.

If I was the minister then certainly no loan would be made with which I didn't agree. Absolutely not.

AN HON. MEMBER:

That's why you are not the minister.

MR. TAYLOR:

And I would make sure it was fairly so I could stand in the Legislature or anywhere in the province and justify it, and that's what the hon. minister -- I certainly wouldn't stand up and say I'm going to put my approval on everything the committee does.

MR. COOKSON:

Would the member permit a question?

MR. TAYLOR:

I can't hear you.

MR. COOKSON:

Could I ask a question?

MR. TAYLOR:

Certainly, any time.

MR. COOKSON:

I was wondering which minister approved the loan by the former government to the Wabasca Co-op which is in arrears of \$809,000.

MR. TAYLOR:

Well, Mr. Chairman, this is just typical --

[Laughter]

This is typical, I don't know which minister approved it. The hon. members can laugh, but why don't you laugh at the same thing that is going on right now? Exactly the same thing. Who knows whether these are all going to be paid back? Who knows?

MR. TRYNCHY:

Let's wait.

MR. COOKSON:

Would the member permit a question?

MR. TAYLOR:

Go ahead. I have no objections.

MR. COOKSON:

I was wondering whether he has --

[Interjections]

MR. CHAIRMAN:

Order.

MR. COOKSON:

I would like to ask the member if he could list the number of arrears on loans that have been made through the Alberta Opportunity Fund?

MR. TAYLOR:

Mr. Chairman, the hon. member is surely aware the fund has only been operating a few months. If you are in arrears already, heaven help us five years down the road.

MR. COOKSON:

What's your great concern then?

MR. TAYLOR:

Do you think they are going to go in arrears the first three months?

AN HON. MEMBER:

We're in trouble.

MR. TAYLOR:

We're certainly in trouble. But, Mr. Chairman, the point I'm trying to prove is that this committee should be held responsible to the minister. The minister shouldn't be responsible to the committee. I emphasize that and I say that's the point I'm trying to prove.

AN HON. MEMBER:

I can't hear you.

MR. TAYLOR:

If you can't hear me I can speak a little louder.

[Interjections]

MR. CHAIRMAN:

Order. Order.

MR. TAYLOR:

I would like to remind the hon. ministers they may want to hear us two years down the road; then you won't want to hear us.

MRS. CHICHAK:

I would like to have clarification from the hon. member opposite who is speaking. In his remarks he has stated that the minister should not allow any loans to be approved without his personal perusal. Does he really mean that the minister should be involved in the applications for all the loans and in perusing each and every application before the loan is approved by the management of the fund?

MR. TAYLOR:

Mr. Chairman, if the hon. member knows what responsible government is, she surely realizes that the minister must be responsible for every loan that is made. Just look at the act and look at your own regulations.

MRS. CHICHAK:

Mr. Chairman, I still have not got a clear answer. Does the hon. member mean that the minister should be involved in approving personally and individually every loan application? It just calls for a yes or a no answer.

MR. TAYLOR:

Mr. Chairman, the hon. member can ask her questions any way she likes but I don't want her telling me how I have to answer. I'll answer it my way. Maybe you can get away with that with your husband, but not with me.

[Laughter]

I happen to be single and I'm going to answer in my own way.

Mr. Chairman, the minister is responsible for every loan made and he uses his technique whether he wants to look at every one after the footwork and the groundwork is done or if he takes sufficient samples so that he is satisfied.

Why don't you stand up if you want to talk? Don't be afraid. Stand up and say it.

MR. CHAIRMAN:

Order, order.

MR. TAYLOR:

The order should be over there. He's the one --

MR. CHAIRMAN:

Please continue, Mr. Taylor.

MR. TAYLOR:

I don't know why the hon. members have become so disturbed over the fact that they find their ministers are responsible for what the committee is doing. Surely they don't want it any other way. If any other way is what they are suggesting, then heaven help us. Mr. Chairman, from their attitude, it looks like we are going to be in real trouble two years down the road or five years down the road, in regard to some of these items, if they look as bad as they think they are going to be.

MR. HYNDMAN:

I was wondering if the hon. member would state which former minister opposite is responsible for the multi-million dollar boondoggle on the ARR?

MR. TAYLOR:

Well, Mr. Chairman, the government doesn't use an opportunity to miss saying who is responsible for it. But, why don't they now assume the responsibility for their own thing? And another thing, we didn't refuse to say to whom the money was being loaned. It was done publicly. And we are not trying to hold secrets. I'd like to know a lot more about these things. From the looks of it, from what the government appears to be trying to hide, I'd like to know a lot more about some of these loans that are being made. And believe me, we'll find out a lot more. If it's the way we think it is, you'll be hearing lots more about it in this Legislature.

MR. COOKSON:

May I ask the hon. member another question, Mr. Chairman?

I wonder if the hon. Member for Drumheller could advise who made the loan to Calling Lake Logging and Slashing which was recalled \$686,000 in arrears?

MR. CHAIRMAN:

Order. Order. Order, Mr. Cookson.

MR. TAYLOR:

Mr. Chairman, if I could, it doesn't change the principle that I'm talking about. What's he trying to solve? [Inaudible] ... on his conscience?

MR. CHAIRMAN:

Order, Mr. Taylor. Mr. Taylor, I've called Mr. Cookson to order on that. It doesn't apply to this appropriation.

Any other questions on appropriation 1414?

MR. BARTON:

Mr. Chairman. I would like to ask the minister what type of coordination goes on between Tialta and Alberta Travel Bureau, and especially as to the grants and the zones, the amount to each zone on the grants structure?

MR. DOWLING:

Mr. Chairman, that's an excellent question. The organization Tialta is composed of people from the private sector, elected by their own organization to represent all 14 zones. Each zone has an executive of their own, either a special tourist organization or a branch of the Chamber of Commerce. This year we changed the tourist loan program so that every zone, all 14 of them -- immediately they submitted a financial statement indicating their needs, this need was reviewed by a group of people representing the private sector and Travel Alberta to establish whether the need was in fact there and whether the programs they proposed were in fact of a quality that would indicate they should be granted the amount of money they requested.

I don't believe there was any zone granted the total amount of requested money, but each zone was given \$2,500 at the start of the year, immediately, so that they would have something to operate their organization with. The amounts were eventually approved by Travel Alberta, but recommended by the Travel Industry Association of Alberta which represents every single travel zone.

MR. BARTON:

Mr. Chairman, in following this up, in other words it depends on what type of program the individual zone has as to the amount of money they are going to get then. Right?

MR. DOWLING:

Yes, that's right, Mr. Chairman.

MR. CHAIRMAN:

No further questions on 1414? Mr. Ludwig.

MR. LUDWIG:

In view of the fact that we got into a little discussion about the Executive Council here on lending and how things are going, and the Premier's absence was brought to the attention of the House, I'd like to point out that the way things are going one doesn't blame him for trying to get away from it all once in a while --

MR. CHAIRMAN:

Order, Mr. Ludwig. Any other questions on 1414?

MR. LUDWIG:

Yes I have definitely, Mr. Chairman. I have a comment or two. When you talk about the Alberta Opportunity Fund lending -- in the event that we require tourist facilities in the Kananaskis area, is it your intention that perhaps funds from the Alberta Opportunity Fund may be used to finance tourist facilities in that area?

I believe the minister is busy giving signals to somebody out in the gallery and missed me.

MR. CHAIRMAN:

I'm sorry, Mr. Ludwig, I believe Hansard missed the last part of your comments there.

AN HON. MEMBER:

She didn't miss anything there.

AN HON. MEMBER:

You've got to give us a chance to get in there.

MR. LUDWIG:

Are you through with your signals to the gallery?

MR. DOWLING:

Yes, a fresh glass of water, Mr. Chairman. I wonder if he'd repeat the question.

MR. CHAIRMAN:

I guess, Mr. Ludwig, Hansard and the minister missed the question.

MR. LUDWIG:

I think all I can say about the hon. minister at the present time is that he appears to have his hands more than full.

Mr. Chairman, the question was that, in the event tourist facilities may be needed in the Kananaskis area after the big highway goes through, is it possible that perhaps you'll be recommending that this fund be used perhaps to help finance facilities in that area?

MR. DOWLING:

Well, Mr. Chairman, first of all as I said last night the hearings on the eastern slopes of the Rockies will be held. I would suggest that an analysis will be made of those hearings and the proposals made for development.

I would suggest also that it seems likely that perhaps the government could consider a request for proposals for a particular type of development in a particular area. That does not preclude the developer from applying to the Alberta Opportunity Fund for money to make this development or to build this facility, however bearing in mind that the maximum amount of the loans is \$500,000.

MR. HO LEM:

Mr. Chairman, I wonder if the minister could advise me, since this fund has been started less than nine months ago, eight months to be exact, how many of these are behind in payments?

MR. DOWLING:

Yes, Mr. Chairman, as I indicated now three times, there are three projects in arrears to a total of \$42,410.

MR. HO LEM:

Mr. Chairman, has there been an application made to the Alberta Opportunity Fund for monies to purchase the Snow Ridge operation which is bankrupt in the Kananaskis?

MR. DOWLING:

Yes, Mr. Chairman, I do recall that as being an application that was made prior to the establishment of the Alberta Opportunity Fund. Needless to say we are extremely interested in developing ski areas outside the national parks in our Rocky Mountain slope area.

Unfortunately the project and the amount of money required was something that we could not meet under the terms of the Opportunity Company, and I understand the loan was refused.

MR. NOTLEY:

Just before we leave this appropriation, the minister mentioned that some of the loans under this provision give the individual up to 30 months before he begins payment. I'm wondering if he can advise the committee how many of the tourist-oriented loans that we have before us have that maximum provision of up to 30 months before they begin paying either principal or interest?

MR. DOWLING:

None, Mr. Chairman, at all that I am aware of have the 30 months. Of the ones that I recognize here, I think one has three months and one has two months. But there are none that have 30 months.

It is a provision though that if people are applying and they are applying in a difficult area, for example, if their facility was to be built in the fall in an area where the tourist plant would not become fully operative until the middle of the summer, it would be pretty logical for them to apply for perhaps a ten-month deferment with a good chance of getting it. I'm sure they would be given fair consideration by the Opportunity Company executive.

DR. BOUVIER:

Mr. Chairman, I notice that throughout most of these loans there is postponement of shareholders' loans, and I presume that means, actually they can't withdraw any money they have in the company until this loan is paid off.

My question is, is there any scrutiny of the financial statements before to, in fact, ensure that there is not a big withdrawal immediately before the loan is made so that the loan is not made in order that they can take their money and lend it out at a better interest rate?

MR. DOWLING:

Yes, Mr. Chairman, the loan applications and the facility proposed on all of the financial aspects of the proposal are investigated in depth. A continuous scrutiny is maintained over the loan and what is happening to the money that is coming in to this facility.

And while I am on my feet, Mr. Chairman, I would like to just enlarge on the question of the hon. Member for Slave Lake. Last year in the zone grants, the amounts varied from \$25,000 for zone 10 down to a minimum of \$4,000 for zone 7. At that time there were two zones inactive. During that year, it was the first year that the evergreen zone, which is the area outside Jasper National Park in the Edson constituency and goes up to Whitecourt and various areas like that, became active and received that \$4,000.

This year we are proposing, if the appropriation passes, an amount of \$216,500 in total as grants as opposed to \$175,000 last year. There is no zone that will receive less than \$7,500 or more than \$25,000.

MR. BARTON:

What type of criteria is the balance of the money in then for grants? You said \$216,000 and I notice \$250. What type of criteria is the balance of the money in?

While I am on my feet, the 35 employees for the STEP program, have they all been allotted?

MR. DOWLING:

No, Mr. Chairman, in that figure of 35 it is actually for a four-month period. It is 35 full-time people or 105 approximately for the full summer period. Many of the people who are going to be employed this year are repeats, and I mean three year repeats since the first year we began the program. This is their third summer back. All positions haven't been allocated yet. There are still a few vacant. If any hon. member has someone in their constituency that they know would make a good staff member for our travel information centre, I would hope that they would alert Travel Alberta or send their names to me and I'll pass them on.

The criteria for establishing the amount of the grants is first of all, they all receive \$2,500 initially, every one of the zones. Then, in addition to that, they present a program. The zone presents a program and the program is analyzed by a group of people from the private sector, the Travel Industry Association of Alberta and Travel Alberta. On the basis of this agreement, the allotment for the zones is specified at the start of the year. Travel Alberta knows and so does the zone, but they must produce before they are paid. Their program must be under way and they must be productive.

MR. BARTON:

Going back to the 35 employees, are they all employed under Travel Alberta for specific booths and promotions in the area? And while I am on my feet, would there be three left over for a booth in the St. Albert area?

MR. DOWLING:

There is a possibility, as the hon. member, Mr. Jamison, has indicated he wanted somebody in the St. Albert area. But as I indicated to Mr. Jamison in the House, the travel booths, the mobiles are also allocated on the basis of the recommendation of the Travel Industry Association of Alberta and Travel Alberta. As I said before, the positions for permanent staff are in this appropriation and they are the 35 or 105 people.

MR. NOTLEY:

With respect to the 29 salaried positions, can the minister advise the committee how many field staff Travel Alberta has, both to identify tourist potential and prospects and also to monitor some of these loans that will be given out.

MR. DOWLING:

Yes, Mr. Chairman, I should have that information right here. I would say there are four or five permanent staff members who are pretty well constantly on the move inspecting hotels, motels, inspecting the units where Alberta Opportunity Company loans have been made and so on. We use all of our staff, actually. It's rather difficult for me to say there are five. Most of the permanent staff, except those acting in a secretarial capacity, are rather mobile. They are constantly going to all areas of the province, the director included. I would suggest that everybody who is in an executive capacity is doing inspections or Travel Alberta work of one kind or another throughout the entire province all the year around.

Appropriation 1414 agreed to:

\$1,908,450

Appropriation 1415 Alberta RCMP Century Celebrations

MR. BUCKWELL:

Mr. Chairman, I'd like to make some remarks on this, I would say, important appropriation. First, I would like to commend the government on their generosity in this matter. It was difficult to decide, I suppose, possibly how much money they should allocate. I feel by what they have allocated here and what is going to be in the appropriation next year that the government is doing its part.

It's unfortunate in this RCMP Centennial that it is really stretching over a three-year program. This year, 1973, is the official police year. Next year, 1974, is the official year when the police first arrived in the part of Canada that is now Alberta. And then Calgary is having their 100th Anniversary in 1975. It might lull quite a number of our citizens into inactivity, thinking that because this thing is stretched over such a long period of time that they will not get into the act.

Mr. Chairman, I think a lot of us maybe tend to forget just how important this event is. This is an event in history that will possibly never be repeated, because on a given day in history law began in this province without a shot being fired. This is in contrast to what happened in the United States in their settlement under similar conditions in which the settlers came first, and then the law. When we realize the bloodshed of the native people in the United States, compared to what happened in our own country where we signed treaties, we have had law and order in this country now for over 100 years.

It is not my intention to build up the RCMP, because they don't need any build-up in this country. They are an institution almost as sacred to Canadians as the Parliament of Canada or the legislatures of the various provinces, so they stand solidly on their own two feet. They have had, and have at the present time, a proud record, a record of traditions, of loyalty, of integrity, and are the envy of the world as a police force.

Quite often in our country we think of the heroes of our army, or our air force or our navy who fought for Canada on foreign soil and have won the Victoria Cross and all the other decorations and of the glory to their fellow Canadians.

We forget about our police forces within our country, whether they are the RCMP or the municipal police forces, but these people to me are just as great heroes as any of the men who fought in our armed forces, because these men lay their lives on the line day after day. Their self-sacrifice, the drudgery of their work, the advice and the counsel and common sense these men have portrayed to our citizens in representing law and order have made our country what it is today.

I think we have to remember, Mr. Chairman, that they are enforcing our laws, they are not enforcing their laws. I believe then it is incumbent upon our parliaments and upon our legislatures that we enact laws that have some common sense and are enforceable so that these men who go about the daily job of protecting us as citizens have laws worth protecting and worth supporting. If we are going to ask men to do this and dedicate their lives to it, then we should give them the proper protection that all enforcement bodies should have.

This RCMP Centennial, it's possibly put in with tourism, is going to be a wonderful boon to the tourist industry in our province and I think this is probably one of the reasons the Minister of Tourism has been given this fund to operate. And it is going to be a wonderful opportunity for Albertans, as well as Canadians and Americans and any other persons who are interested in our history, to come this year or next year and in 1975 to view some of the places of history within our country.

I know the hon. minister hasn't had too much thanks tonight, but I would like to thank the hon. minister and I would like to thank his staff for their enthusiastic and encouraging support for this occasion. This is a very difficult thing for them to put on because it has never happened before, and to all of us here it will never happen again. I think they are doing a bang-up job. I am saying this because we have asked for a loan and they haven't promised it and they haven't turned us down, so I'm still in a neutral position.

I would also like at this time to thank the hon. Premier for 'pulling the strings' if I might say it, or using the good graces of his office so that the people of Fort Macleod will have an opportunity to visit with Her Majesty when

she comes to Calgary on July 5. July 5 of this year is a very important occasion. We don't often have Her Majesty within our province but she is coming here primarily at the request of the Premier, his cabinet and the government. While we would have liked to have had her here next year, it happens she is coming this year and I think we should turn out and give her all the affection and loyalty that we can possibly show at this occasion.

[Applause]

In closing, Mr. Speaker, I would like to ask the members of this Assembly in their own constituencies and all our fellow Albertans to get behind this anniversary as it will be the last one we'll see of the RCMP. None of us will be here for the next hundred years, even with this fancy pill that the hon. Member for Pincher Creek was talking about.

We are not just celebrating the history of the RCMP. We are celebrating the history of our country, particularly this province of Alberta. And we are not just celebrating the history of the RCMP but we are celebrating our respect for law and order and what it means to us as Canadians. We are proud of our heritage and we are, in a sense, giving thanks not only to the members of the RCMP, to our old-timers and our native Canadians, but we are giving thanks maybe at this time to God that we have a land of law and order in which we have been able to grow and prosper as our forefathers intended us to do.

I would like to ask all hon. members to see that this RCMP Centennial, is not only for ourselves, but is to show these men in red and even the men in blue, that we respect and honour them for the part that they played in the growth of our country.

MR. DOWLING:

Well, Mr. Chairman, as usual I find myself in a very humble position with my hon. friend from Fort Macleod, and I am sure I speak for all of the members on this side, and undoubtedly for all the members in the House when I commend him for his words and to let him know and let him be assured that all of us will most certainly support the RCMP Centennial. Probably this is why we did have some difficulty in arriving at a figure as to what amount of money we should put into a celebration for a force which we only have one opportunity to recognize their 100 years of contribution to the country.

So in establishing this amount of money, Mr. Chairman, we first of all decided that if we were going to move at all, we must move quickly. The first amount of money we felt we needed was an amount of \$65,000 by special warrant, to get the campaign or program under way to cover the period of time between when the idea first came upon us, when we decided we must take part and do it well, until the end of that fiscal year, which covered the period up until March 31 last. The next period of time we had to look at, Mr. Chairman, was the period between then and the end of that fiscal year in the spring of 1974. And that is the amount of money in this appropriation now.

It has three distinct parts, one is for communication, and that is to acquaint Albertans with a number of things: the contribution that the RCMP have made to Alberta and to Canada, to commemorate this 100 years of contribution to Alberta's growth, and the arrival of the Northwest Mounted Police in Alberta in 1874, but also to commemorate the centennial of the force being founded in 1873. We want with this communication program to instil in Albertans, and particularly young Albertans, an appreciation and knowledge of the role of the RCMP, that there is historic significance in the events which have contributed to the quality of Alberta life and the promise of its future.

We want to identify and preserve permanent memorials with this fund that we have set aside for this year, memorials to the people, the places and the events, to ensure the gathering, compilation and preservation of records, historical documents and information relating to the RCMP in the growth of Alberta and to do this by way of establishing it as a permanent record.

We want to invite and encourage in this communication program the participation of the RCMP, particularly any RCMP veterans, in as many of the projects and celebrations as possible, and also Mr. Chairman, to coordinate the one-time celebrations that we have an opportunity to take part in this year.

I am delighted with the enthusiasm that my hon. friend from Fort Macleod has, and I am delighted of course, with the enthusiasm and honesty and straightforwardness that he has in all subjects. I just feel great about his contribution in his speech to this appropriation.

He had the courtesy, Mr. Chairman, to give me advance notice that he was going to be asking a couple of questions and one in particular that he asked was, what are we going to be doing in the year 1974? It will carry on this RCMP celebration over that year. And just to name a few, Mr. Chairman, we have been in touch, of course, with the federal authorities and have secured for Alberta the RCMP ride and the RCMP band for the period during 1974. They will be housed in the City of Edmonton and we will be supplying them with transportation to the various events across the province in which we would like them to participate during that year.

We have commissioned a painting which will be presented to Division K of the RCMP commemorating 100 years of service, 100 years of contribution to Alberta.

In addition, there are three major statics displays which will be used by the federal government in commemorating the RCMP contribution to Canada during the year 1973, which will be located in Montreal, Winnipeg and Vancouver. We have been assured by the federal authorities that these will be made available to us for use in Alberta during 1974. These are just a few, Mr. Chairman, that come to mind, off the top of my head.

While I'm speaking I would just like to say that the enthusiasm with which this program is being greeted is really unbelievable. We have something in the order of 60 projects already proposed for participation in the RCMP celebrations. None of them have been approved as yet, but the advertisements inviting proposals will appear in the major daily papers by the end of this month.

I should tell you who is on the RCMP Centennial celebrations by way of our standing committee during the three year period. The chairman was elected from a group of 10, and the chairman of that RCMP Centennial Celebration Committee I'm proud to say is Dr. J. G. McGregor, the author, historian and famous Albertan.

The members of the committee are: Mr. Art Clough, representing the Travel Industry Association of Alberta, the private sector of part of the organization; Mr. Hugh Craig, a private citizen from Fort McLeod; Mr. H. A. Dempsey from the Glenbow Foundation, and he in our view and the view of the committee represents both the Indian and Metis communities of Alberta. We found it would be rather difficult to appoint a Native from one tribe without considering a Native from another tribe, or a Metis member from one Metis community without considering one from another, so we chose a man who has a great knowledge of the history of the Metis and Indian communities of Alberta. We checked this out very thoroughly with all those we thought would be vitally concerned and received their approval.

We have representing the RCMP, K Division, Superintendent B. Harrison, who would make an excellent candidate also, Mr. Chairman, as the coordinator for this entire program. Mr. A. Johnston is the past president of the Alberta Historical Society of Lethbridge and he is also a member. Mr. Bob McDonald of the Bureau of Public Affairs is on the committee to look after the advertising and the communications part of the program. We have Mr. Keown from the Department of Youth, Culture and Recreation and Mr. Don Hayes, the director of Travel Alberta representing the tourist interests.

In addition, Mr. Chairman, I would like to say that we have a committee of four people: Mr. Scott from Travel Alberta; Mr. Clough from the City of Edmonton; Dr. McGregor, the chairman of the Century Celebrations Committee; and Mr. Hayes from Travel Alberta. We have narrowed down the many applications for the position of coordinator of the RCMP Centennial celebrations to three. They are, in order of their recommendations and preference of this committee: Mr. T. MacCallum Walker, 13910 Stony Plain Road, Edmonton; Mr. Saul, superintendent Saul, former RCMP member; and Mr. Newson.

I can say on behalf of the committee who proposed this that Mr. Walker be the coordinator for the RCMP Centennial and that they had some considerable difficulty, not only in narrowing it down to three, but in proposing that Mr. Walker be appointed. This is not final. This proposal will be taken further and the final announcement will be made within a few days.

With those few brief remarks, Mr. Chairman, I am open to any questions.

Appropriation 1415 agreed to: \$1,400,500

MR. HYNDMAN:

I move the committee rise and report progress.

MR. CHAIRMAN:

Is it agreed as moved by the hon. Government House Leader?

HON. MEMBERS:

Agreed.

[Mr. Chairman left the Chair.]

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[Mr. Speaker resumed the Chair.]

MR. DIACHUK:

Mr. Speaker, the Committee of Supply has had under consideration certain estimates, estimates of the Executive Council and begs to report progress and begs leave to sit again.

MR. SPEAKER:

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

HON. MEMBERS:

Agreed.

MR. HYNDMAN:

Mr. Speaker, I move that the House do now adjourn until tomorrow afternoon at 1 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 Friday afternoon at 1:00 o'clock.

[The House rose at 10:12 o'clock.]