

LEGISLATIVE ASSEMBLY OF ALBERTA

Tuesday Evening, May 21, 1974

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

MR. ASHTON:

Mr. Speaker, I beg leave to revert to Introduction of Visitors.

HON. MEMBERS:

Agreed.

INTRODUCTION OF VISITORS (CONT.)

MR. ASHTON:

I wish to introduce the 151 Cub Pack from Sherwood Park. They are accompanied by their Cub Master John Konwicki, their Assistant Cub Master Guy Gamache and by parents Neil Parker and Bill Wright. I ask the Assembly to give them the usual welcome.

[Mr. Speaker left the Chair.]

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COMMITTEE OF SUPPLY

[Mr. Appleby in the Chair]

MR. DEPUTY CHAIRMAN:

The Committee will please come to order.

We have under consideration the resolution from the Department of Advanced Education and we will continue.

Department of Advanced Education (Cont.)

MR. FOSTER:

Mr. Chairman, I was in the course of concluding my remarks after a very considerable and lengthy discussion, as I recall, and an excellent one, I thought. At least I sort of enjoyed the comments from the members of the House. Others may not have enjoyed mine, however.

The Leader of the Opposition expressed, I think, what I might call a concern or a degree of concern about the expression "Come hell or high water" that Dr. Worth apparently used on at least one occasion in the course of an address at Lethbridge, a paper entitled From Autonomy to System. I'm not really sure what message I was to get from the leader's remarks.

As my colleague the Minister of Health and Social Development appreciates, those of us who are charged with the responsibility of dealing with autonomous institutions are no strangers to "hell or high water". It's the kind of environment in which we find ourselves from time to time, not always of our own choosing or our own design. But that indeed does happen.

I think, without recalling specifically the remarks or the speech, the reference may well have been to a determination on the part of the minister, certainly, and the government I am sure as well - at least I hope - that the Department of Advanced Education should survive come "hell or high water" and that while some people are concerned that the minister and his department will be chewed up by the universities and public colleges in the absence of a buffer to protect us from them, we were determined to survive and in fact to carry the responsibility for relating to many autonomous institutions and encouraging them to become part of the advanced education community and not go off in twenty different directions.

The leader also referred to the matter of the advisory committees and whether or not I felt they were buffers as such. Well, I do feel they are a buffer. But that isn't their primary objective. As this House knows, they are composed of faculty, students and members of the public. They are, in fact, an appeal mechanism, a route or a sounding board for institutions. They are primarily a policy advisory group to my office. But it's true that they will play a buffer role as well.

The question, I guess, is whether or not the committees will become incorporated statutorily in new legislation. I would again remind the House of the legislative review that is under way. It is indeed quite possible that these committees would in fact become creatures of statute with their functions preserved in legislation and their composition preserved in legislation et cetera.

In that regard, Mr. Chairman, I was interested to note a statement from the Ontario government in a report I just received today, that the Ontario government has just created a new council on university affairs. The council on university affairs is really a replacement for the old committee on university affairs, which is very, very similar in function and authority to the committee we have. The Ontario council is appointed by Lieutenant Governor in Council and makes recommendations to the minister in the same way the committee does in this province.

There was some concern expressed that in the absence of a commission, or buffer in someone else's definition, the universities and perhaps public colleges would be less reluctant to be critical of government. There is in fact an element of discouragement, I guess, in the road of a university to criticize the minister or the department or government. Of course, operating as a critic of our society is a very essential function of universities and public colleges. I haven't noticed any change, frankly, in the style or degree of comment or willingness by university and college people to discuss their concerns openly and frankly, publicly or with me. The suggestion that they are discouraged from dealing frankly with governments may well be valid. I'm just simply replying that it is not my experience. I don't believe that to be the case,

The Leader of the Opposition has put his finger on a matter, though, that I undertake to inquire into in greater detail. That is a practice or the appearance of a practice by The University of Alberta to attempt to charge back to students certain costs of compulsory programs and not call them tuition fees. The example he used was in library science. I have since, as a result of inquiries and information that has come to me, discovered other examples of that. I give him my undertaking to take that matter up with the Board of Governors of the institution.

Since the discussion we have had it has come to my attention that the board has on more than one occasion in the last two years authorized this kind of student service charge, which while not technically a tuition charge is in fact a charge to the student that is required for compulsory courses. It's quite different, Mr. Chairman, to charge a student to go and take certain art programs in New York City. It's quite another [matter] to require that student to take these programs and charge him for it. While the art program is not compulsory, library science is. I discovered other examples of that, so I'll go into that in some detail with the board. It may well be true that the university has attempted to pass these charges to students when really they should be regarded as program costs borne by the institution. I suspect that one can look back over the years to the same kind of approach being used by institutions in periods of rather tight financing.

I have in my notes a reference to a suggestion that university staff is too large in some areas and overpaid. I assume that was a question mark by way of a reference as to whether or not someone in the department had expressed that point of view, whether I or others had that point of view. I have not expressed that point of view generally. There may well be certain persons in universities, colleges, governments, society and professions of all kinds who are overpaid. There may well be too many people for the

functions they are performing, but I don't have any special criticism of any particular sector of the university in that area at all.

The comment was made by the Leader of the Opposition that when we do not approve new programs, we should give reasons for that. I quite agree. If we have not given reasons and reasons are requested by institutions or if we have not made our position clear, then it is our responsibility to give something more than simply the fact that we have turned something down. We must be prepared to give reasons for it.

The Leader of the Opposition expressed some concern that advisory committees will not be effective, and I think he was referring to the number of meetings. I am discovering, in the course of the first couple of months experience with these committees, that they are very anxious to get on with a number of major concerns. They will be meeting many times a year. None of them will be meeting twice a year as far as I can tell. We simply wanted to discourage them from feeling that they should be meeting once every couple of weeks. These people are paid - not well, but certainly they are paid for it, including the student members, and while there is more work to be done than they are able to do, we felt we should give them a yardstick of six meetings a year. I am sure in many cases they will go beyond that, and I certainly won't discourage that, but I do not want to encourage them to hold meetings two or three times a month, twelve months of the year. However, if they are willing to put that additional time and effort into it they certainly won't be discouraged by me. In fact they will be encouraged as long as it's reasonable.

Now, the hon. Member for Cardston was talking about the philosophy of accepting into any program all eligible students who present themselves for admission, and I referred to this in my other remarks. I suppose, philosophically, that's an understandable point of view and an acceptable one to those who don't have to take responsibility for the consequences.

I don't mean that disrespectfully at all. I simply mean that, taking a high cost program like medicine as an example, if we were to accept into first year medicine the several hundred students who say they want admission, and to provide the capital facilities, the staff and the plant, et cetera to support that level of program, we would find within a very, very short period of time that it would drop off dramatically. We would be left with a two or three-year adjustment period as we were in the early 1970s when universities were geared up to accept many thousands more students than actually showed up, and they made the argument quite convincingly that they simply couldn't change gears within a 12-month period. They would have to have additional financing over a two-year span in order to allow them to adjust their level of service to the number of students they were, in fact, receiving.

So, philosophically, I think it's a very comfortable statement that we should accept all students who present themselves for admission. The long and the short of it is, however, we simply can't afford to do that. I'm talking about it in terms of dollars and cents and also in terms of reasonable educational planning and the provision of opportunities for graduates once they have graduated.

There will be exceptions to this. No doubt there are many examples in universities today where we should be graduating more [students]. One might be in pharmacy. Another might be in dentistry. That argument was put recently in the matter of law, and we have heard from Mr. Ludwig on that, on several occasions. That argument is valid and that's why there's an additional law school. But I doubt very much that our society can afford the luxury of training in any area, to whatever degree requested, all adults who present themselves and who are qualified for admission. However, we can go into that in detail at a later date perhaps.

The member expressed some concern about capital facilities and the fact that in some cases the plant is not used to its optimum level, that there is not a proper use of certain kinds of facilities, and of course that's a concern to all of us in government and to citizens generally. One of our concerns, of course, is to assess the space-use requirements of these institutions - not just universities - and ensure that they are adequate and reasonable, but not too much so.

There was a suggestion, I thought - and perhaps I interpreted him incorrectly - that the government should in fact move to clarify, if there is lack of clarity, the role and function of universities and that we should somehow measure the performance of universities in terms of use of space, quality of product and quality of research produced.

I really doubt, Mr. Chairman, that that is a function government should take on to itself. No doubt we have our opinions and no doubt we are the beneficiary of the quality, but I doubt that we should in fact undertake the function of measuring performance. When you ask, how do you judge a great university, or how do you judge the performance of a university, I am sure you can answer it in many ways.

One will be a peer-group judgment by other scholars in Canada. The quality of research will be judged by those who acquire the research, who use the research. Certainly if a researcher is not accepted as reputable and reliable he will not long be engaged as a researcher. Surely a university which graduates inferior quality persons or does not adhere to the standards of excellence we accept as a trademark or a hallmark of our universities [will] soon discover that its graduates simply cannot gain the kinds of positions they want to gain and which their colleagues from other universities can gain.

In the long haul I am suggesting that the market place of society is as good a judge of the quality of excellence, both in terms of research and teaching as performed in our universities, as any yardstick I know.

One of my concerns, and I guess the principal reason for my being reluctant to agree that the government should somehow measure the performance of universities, is that in measuring performance we find ourselves in the position of determining the functions of a university. Once we are determining the functions of a university we are taking unto ourselves the right to decide what and how it will teach and what it will do. Without relating the several traditional functions of a university which we all accept as valid, at this point I have to put on my university hat and defend the universities from the right of government, or the possible encroachment by government, to instruct those institutions on what and how they teach.

Certainly the universities and public colleges as responsible citizens in society are as interested as anyone [in seeing to it] that what they do is relevant and useful and excellent. They are interested in our comments and opinions, but not in the directions of government in terms of what they teach and how they teach it.

Finally, with respect to the comments made by my colleague at law, Mr. Ludwig, on support for private schools in principle I must agree with him. I support a pluralistic society, one which offers something more than simply one kind of educational experience. It is, as we discussed in this House in the course of the discussion on my estimates and I believe in the course of the members' discussion on the Christian college, really a matter of degree and how far we go in terms of the numbers and types of private institutions which we support with tax dollars.

For some reason, Mr. Chairman, every time a question of a law school in The University of Calgary comes up, and whenever I open my mouth on the question of a law school in Calgary, I read about it the next day in The Albertan or The Calgary Herald. Usually it is just about what I said, but for some reason the law school in Calgary is always topical, always of interest and always noteworthy. Perhaps my comments this evening will generate some response on the front pages or otherwise of The Albertan and The Calgary Herald. I don't know, but if there are people in Calgary who are interested, and I'm sure there are, and who do not know that The University of Calgary will have a law school, let me simply assure them that there will be a law school. It is simply a question of timing. As I have said on many occasions a committee of the Law Society of Alberta and the universities is now charged with the responsibility of advising me on the matter of timing.

On that question, and without prejudging the work of this committee, I have made the comment, and I believe it to be true and accurate, that the earliest possible time a law school could be functioning in Calgary in terms of taking on students is the fall of 1975. There is just too much work to be done before then.

So the hon. member, Mr. Ludwig, who has expressed time and again the concern on behalf of high school students, and I underline high school students, that they should receive some assurance that their going to Calgary for a three or four-year degree will equip them with the opportunity of going to law school - I have no reservations in agreeing that that is true. In other words, if he is a Grade 12 high school student in Calgary or elsewhere in Alberta today, I have no doubt that by the time that student finishes an undergraduate program of three or four years, there will at that point, perhaps before then, be a law school functioning in Calgary. If the hon. member's special concern is for Grade 12 students, I don't believe there is a problem at all.

Mr. Chairman, I think that pretty well concludes the notes I have on the remarks made by members opposite. There may well be additional questions and comments. If there are, I am prepared for the evening, I hope,

MR. COOPER:

I am naturally very interested in the plans for and the future of Vermilion College. Its appropriation comes under the jurisdiction of the Department of Advanced Education. However, I do know that the minister is awaiting the report of the Ingram Commission which held sittings in east-central Alberta and west-central Saskatchewan last fall. I realize that he might wish to withhold any remarks until the report is issued.

Over the past six years we have had no less than five reports on post-secondary education in Alberta in which Vermilion College received mention. Each one of the above reports, while differing in many respects, had one thought in common. All advocated the full integration of Vermilion College into the public junior college system, and advocated that selected university transfer courses should be taught. The Bosetti Report issued in 1972, speaking of Vermilion College, advocates the same move in these words: "This college should continue to broaden the program offerings to include selected university transfer, industrial technology and vocational programs."

A survey of senior high school students in 29 schools in eastern Alberta and northwestern Saskatchewan indicated a great interest in post-graduate, post-secondary education, and an overwhelming desire to attend the junior college at Vermilion. Replies were received from 3,900 students. These were students in Grade 11 and Grade 12. Of these, 1817 or 46.6 per cent said yes, they would attend junior college in Vermilion. The question asked was simply, if any part of our program in which you are interested was offered in Vermilion, would you attend college there? This survey, by the way, was financed by the Kellogg Foundation.

From the number of students interested, it can be definitely assumed that a junior college at Vermilion would have a satisfactory attendance from the time that the doors were open for university courses.

Last fall I listened to many of the submissions presented to the Ingram Commission when it was sitting in Vermilion. Each of these had a common thought, and these submissions came from a variety of centres, to broaden the educational basis of Vermilion College by the addition of university transfer courses. As a result of the sittings of the Ingram Commission, an organization called the Northeast Alberta College Association has come into being. This has been organized over quite a wide stretch of territory, not only from Vermilion. The basic ideas it supports, quoting its own words are: "That courses presently being offered be retained, first and second university transfer courses be offered and certifiable trade courses be offered."

I would ask the minister when he expects the Ingram Report and what the plans are regarding the issuing of the report. Is it going to be issued in one volume or two? Are there going to be meetings held in connection with it, et cetera?

MR. FOSTER:

Mr. Chairman, I expect to have the report some time this summer. I may have it in July but I suspect it will be August. Whether it will be one document, or two or three, I don't know. I certainly appreciate the fact that it will be widely read by people in northeastern Alberta, certainly in the area of Vermilion, Lloydminster, Bonnyville and St. Paul. I will see that the document is widely read. Obviously we are interested in a response to it.

MR. MANDEVILLE:

Mr. Chairman, I would just like to talk about the college that isn't. I'm not like the member who has one already in existence.

Just in the event that the minister might be looking at an expansion of colleges or the establishment of new colleges in the province, I would like him to take a look at possibly setting one up in conjunction with the Alberta Horticulture Research Centre which is stationed in Brooks. I realize at the present time it would be feasible, but I don't think it would be economical. However I do think that possibly we could set up some extension courses out of, say, Olds or some of our other agricultural colleges and that would work very satisfactorily in our research centre.

At the present time we have the facilities down at the research centre. We have the greenhouses and many other facilities that are needed in the area. We also have lots of land down there for expansion. On top of this we do have the staff which is already established in Brooks. I just don't know what area they could work in, but I certainly think that they could be worked into extension programs.

Mr. Chairman, the reason I think it would run well in conjunction with the research centre in Brooks is because we do have a third of all the irrigation in that area. A third of all the irrigation in the province is located in the Eastern Irrigation District. With the expansion they are discussing as far as irrigation is concerned and with the technical farming we have in irrigation, I think this would work quite well with some type of program in this area.

We also are getting into many special crops down in that area. We're growing tobacco, tomatoes and carrots. Many of these crops can be grown in this area.

I also think it could work in conjunction with the expansion the Minister of Lands and Forests is thinking of, as far as our wildlife is concerned down in the Brooks area. I do

think that Brooks is growing. It's growing really fast. By 1980 I'm sure that Brooks will be a city.

As I said before, at the present time I don't think it would be economical to go into any large expansion there but I would like the minister to take a look at setting up some extension programs at our research centre in Brooks.

MR. FOSTER:

You're very close to Medicine Hat College which is experiencing some enrolment difficulty and the president of Lethbridge college is in the gallery this evening and will be hearing your comments; so you're making your point both ways.

MR. HINMAN:

Mr. Chairman, I'd just like to add a few remarks to what I said before. The minister has been kind enough to refer to them. He says that we cannot afford, for instance, to enrol all the students who might want to take some of the expensive courses. Perhaps we could go some of the way. When you get 300 applicants and you can take only 95, you certainly aren't looking after all those who want to go there.

I'm not very worried about being left, once in a while, with some extra facilities or perhaps a little extra staff. We do that all the time in other fields when conditions change and we seem to be able to afford it.

He mentioned research and said only the able and adaptable do research. My complaint wasn't exactly that. Perhaps this is a good time to say that some of the best people I know are in research and in universities. They're just as sincere about what they're doing as anybody else, but I don't think they object to some thinking from outside. I was not talking about the real researcher who does only that. I was talking about research as part of the educational function and saying that too frequently we have to design something for these youngsters to do by way of research, and many times it's pretty fickle stuff.

He said that in evaluation we can depend on the market place. I think you can if you don't grant monopolies. The whole trouble with measuring university graduates is they're always working in a field where they can't be compared with anybody else, because nobody else is allowed to do the work. I can think of that in so many fields. As I've said before in this House, in the days when we were very short of teachers, we enlisted some married women who had raised families, we gave them a little help and in one year they were very proficient teachers. This goes all the way down.

Now the minister said that he thought, perhaps, we shouldn't decide the function of the university. In my opinion, higher education, advanced education or special education, if you wish, is the only field where we don't have something to say about the function for which we're paying. If we aren't paying the bill, I'm quite willing to let somebody else decide the functions, but when we are paying the bill I think we have every right to give a lot of direction as to function. As I point out, if you would take away the money from the university and lend it to the students, you would solve a lot of these problems. If the student and his parents knew they were going to have to pay back the high cost of medical training, only the serious ones would really be there. If the same were true of research, if the university had to get the research costs from the students, I think the research would be pretty pointed, and this would go all the way down. I wouldn't worry at all about functions if that were the case.

I hope to live to see the day when, instead of giving blanket sums to universities or letting them make budgets and then hoping we'll approve it and we'd go a long way - the very great differences in the amounts which Alberta provides for instance, as compared with many other colleges, tells you that it isn't a matter of necessity, it's a matter of what we can do and we can afford - so I get back to my central theme, that I hope to live to see the day when what we will do is give the money, or lend it preferably, to the students. They won't be borrowing it, or using it mischievously if they have to pay it back. And when that time comes, then the university will have to meet the needs of society. They will have to take direction as to function from the youngsters, and from society which needs the graduates. Then we will truly have an evaluation that is worth while.

MR. FOSTER:

The only comment I would make is that the hon. member seems to want me in bed with the universities, carrying a big stick. His colleague, two or three over on his right, would like me not only out of the bedroom but right across the street, with something called a buffer in between. So I would suggest that both members get together and talk about how they expect to resolve university-government relations.

The Leader of the Opposition talks about the need for buffers between the universities and government. But I can recall riding down Ninth Street about two years ago in July, listening to him on the radio saying that the announcement of the dissolution of the Universities Commission - what a great idea, it should be done within six weeks. He's changed his point of view now, politicians are entitled to make those sorts of statements. But when the Member for Cardston suggests that government should be that closely involved with universities and other members of his caucus are suggesting quite the contrary, I simply see an example of the range of opinion that exists in our society about university-government relations.

AN HON. MEMBER:

Sometimes they have conservative ideas.

MR. CLARK:

I just can't miss the opportunity to make a comment or two with regard to the minister.

I think the minister either doesn't understand, or perhaps now he's just having a great deal of fun. I trust it's the latter.

The Member for Cardston talked about the functions of the institutions involved. And that is very definitely, in my judgment, the responsibility of the government. If the minister ...

MR. FOSTER:

What kind of function do you want the government to determine in the university?

MR. CLARK:

Well, the university has three basic functions.

MR. FOSTER:

Okay.

MR. CLARK:

First of all, in the area of imparting knowledge ...

MR. FOSTER:

What should our function be on that? What should government's function be on that?

MR. CLARK:

I'm answering the question.

MR. FOSTER:

Well get to it. You just made a statement. You had better back it up.

MR. CLARK:

Sit down. Cool yourself now.

The first responsibility of a university, or one of the responsibilities, has to be to impart knowledge.

MR. FOSTER:

Right.

MR. CLARK:

Second, they're involved in a critique of society, and third, they are very much involved in research.

MR. FOSTER:

And fourth?

MR. CLARK:

I'm answering the question. You can add your other functions. A minute ago you didn't even want to decide what they were. So we're glad you've come along some distance.

The second point I want to make is I'm now glad you've found out, in fact, The University of Alberta has been making a farce of the freeze on tuition fees that the minister has talked about for the last couple of years, and I will be pleased to get the report back from the minister in due course.

The one other point I really want to make deals with the question of advisory committees. Initially the minister said they meet from two to six times a year. He's now saying they're going to meet much more often than that. What staff is available to these committees to do their legwork? The brochure that initially went out from the minister's office indicated that the staff of the Department of Advanced Education was going to do that.

Going one step further, I think that if the minister goes back to his comments a year ago, when we were in this House winding down the Universities Commission, you'll hear that the minister was talking about these advisory committees being a buffer between the universities. That was one function, a major function, they could serve. It seems to me that now the minister has changed his tune somewhat, and that in fact these advisory committees really are not going to provide the mechanism of that buffer at all.

MR. FOSTER:

Well, Mr. Chairman, this is really quite delightful. The Leader of the Opposition is just shifting his feet from left to right. On one hand he agrees with the Member for Cardston. He says the government should determine the functions of universities. The functions are three: one, knowledge; two, critique of our society, and three, research.

I say, four, community service.

I say to the Leader of the Opposition, in fact I challenge him, to tell me what the role of government should be in determining the functions of a university in acting as a critic of our society. What should be the role of government in determining the functions of research that go on in a university? When you agree with that statement, Mr. Chairman, you are coming awfully close to the government telling the universities what and how they will perform their legitimate role. I say that that's too close.

I would love to debate that on some other occasion. Maybe tonight isn't the time. But the challenge is there and the question is there. The Leader of the Opposition has made the statement and has not answered.

Now as far as the staff is concerned ...

MR. CLARK:

Perhaps we could arrange to have a debate.

MR. FOSTER:

We'll have a debate sometime. In the next election I will be happy to take you on.

AN HON. MEMBER:

Agreed.

MR. CLARK:

Much sooner than that, at the University of Alberta some day at noon.

MR. FOSTER:

Okay. Delighted.

AN HON. MEMBER:

Agreed.

MR. FOSTER:

Mr. Chairman, the staff function of the advisory committees is provided by the personnel of the department. One senior staff person has been allocated as the executive secretary to each committee. Each committee has access to all the information and all the expertise that exists in the department. If they want certain work done or certain

information we don't have, we will use our offices to gain the information. If it is information in the custody of an institution, it is up to the institution to make it available to us and we will make every effort to have that done.

MR. BENOIT:

Mr. Chairman, just a little information with regard to the institutions in the northern part of the province. On Appropriation 3075 we have about \$700,000 for community vocational centres in the northwest. I'd like a little more detail on what may be planned there. Along with that, in the capital appropriations for the heavy equipment site in Fort McMurray, about \$1.3 million is proposed for plans and development, a quarter of a million for land to be purchased and a quarter of a million for land that has been purchased apparently. I'd like those differentiated.

I'd like to know what the department's plans are for the future with regard to this heavy equipment site and what the major purpose of that site is.

MR. FCSTER:

Well, Vote 3075, Mr. Chairman, is a vote that provides for the operation of something we call CVCs or Community Vocational Centres. These are very small local centres - sometimes shacks, quite frankly, old school houses or small community halls or buildings - located in some 20 different, very, very isolated communities in northern Alberta; places like Paddle Prairie, Peerless Lake, Little Buffalo, Wabasca, Kinuso, Blue Ridge, Sandy Lake, Canyon Creek, East Prairie, Loon Lake, Keg River - I could go on and on - where our staff go in and provide certain very basic academic upgrading programs for the population in the area.

I don't think I caught the second question. I think you were talking about the property in Fort McMurray, the heavy equipment site.

Well, if you have ever been to Fort McMurray, Mr. Chairman, the vocational centre up there has a heavy equipment operation associated with it. We have a couple of hundred acres of land up there on which we train the drivers and repair people who operate this large, heavy, earth-moving equipment. It's the only such centre that we have outside of a small program in Vermilion. We need a large tract of land where we can operate different kinds of heavy equipment, caterpillars, road earth-moving vehicles of all kinds, to train them to work in that sector of our economy.

We are currently giving up the site we have in Fort McMurray now. It's becoming part of a subdivision. We are having to acquire some different property up there, so we have now moved to a new site.

Now, there was another question you had on capital funding, and I can't remember what it was.

MR. BENOIT:

What I was wondering was, how far advanced are you in the purchase of the new site? There is half a million dollars allowed here for the purchase of this land. How much is involved there? One quarter of a million dollars, [it] says, [is] "Land - to purchase". Then [for] the other quarter of a million dollars [it] just says "Land purchase". I don't quite understand why we have two parts of the appropriation divided that way. Are there two pieces of land or ...

MR. FOSTER:

What are you looking at?

MR. BENOIT:

This is in the Public Works detailed appropriation on page 8. Most of this has to do, Mr. Chairman, with the relocation and the site development to plan and to commence. I'm wondering how far advanced we are in this thing and how much more we'd be looking forward to another year for the same situation there.

MR. FOSTER:

Mr. Chairman, I'm sorry, I just don't remember how much we paid for that site, or how much our servicing will ultimately cost us. I don't have the information that goes beyond 1974-75, but I can get that for you. I will. You would like the capital costs of site development and land acquisition in Fort McMurray?

MR. BENOIT:

Right.

MR. FOSTER:

Fine.

MR. BENOIT:

The amount, and what progress we are in at this time.

MR. FCSTER:

Fine, I'll get that for you.

MR. ANDERSON:

Mr. Chairman, with regard to the machine testing department that is going to the college in Lethbridge ...

MR. FOSTER:

Yes.

MR. ANDERSON:

... does that come under your department? I would like to know the number of staff this would take and the approximate appropriation the college would get for this.

MR. FCSTER:

I'm very fortunate in having the Lethbridge college president sitting up here in the gallery, Mr. Chairman, so perhaps I can get some help.

As I understand it the machinery-testing facility is an initiative taken by the ministers of agriculture in western Canada. They have agreed to locate one or two centres in western Canada for the testing of agricultural or farm implements and machinery. As I understand it they will be using the resources and facilities of Lethbridge college. It won't involve many new people, if any - maybe a few. The capital facilities are there. They are excellent. As far as I know there is no contemplated capital expansion of the college necessitated by that institute.

Dr. Stewart is shaking his head up and down. I'm not quite sure what that means.

MR. DEPUTY CHAIRMAN:

Resolved that a sum not exceeding \$204,551,535, of which \$174,595,535 shall be chargeable to Income Account, and \$29,956,000 to Capital Account be granted to Her Majesty for the fiscal year ending March 31, 1975, for the Department of Advanced Education.

[The motion was carried.]

MR. FOSTER:

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

[The motion was carried.]

Department of Industry and Commerce

MR. ASHTON:

Mr. Chairman, Subcommittee D has had under consideration Vote 16, the Estimates of Expenditure for the Department of Industry and Commerce and begs to report the same. I therefore submit the following resolution:

Resolved that a sum not exceeding \$9,864,473 be granted to Her Majesty for the fiscal year ending March 31, 1975, for the Department of Industry and Commerce.

SOME HON. MEMBERS:

Agreed.

MR. DEPUTY CHAIRMAN:

Mr. Minister. We have the resolution.

MR. PEACOCK:

Mr. Chairman, I would like to make a few comments by way of information to the House regarding the Department of Industry and Commerce.

We had a pretty fair going over in the subcommittee that had in it members of the government and the Opposition, Mr. J. Miller, Dr. Bouvier, Mr. Cooper, Mr. Hinman, Mr. Notley, Mr. Taylor and Mr. Barton.

I think it's rather significant that we define now just what the general philosophy and some of the objectives of the Department of Industry and Commerce are.

As a reasonably free enterprise government, we in the Department of Industry and Commerce function under the general philosophy of being catalytic in the areas of assisting and aiding the economic climate of Alberta and opportunities for all Albertans to find gainful employment. We identify that area not only with the accent on the quantity of life, but also on the quality of life. In looking at the broad concept of affording an equal opportunity to all sections of the province it was necessary to address ourselves to a reorganization of the department some two and one-half to three years ago. It's interesting to note that instead of being a department made up of cooperative activities, licensing and trades, a bureau of statistics, a travel bureau, a publicity bureau, a development and photographic branch, we are now directing ourselves to the area that I have just mentioned of assessing the opportunity for all Albertans, rural as well as urban.

We had to look at the following areas in order to afford an equal chance for people to move out into rural Alberta. Some of the things that had to be done were the sewage and water programs in the smaller communities to afford them that opportunity to have adequate water and sewage. There is just no way that you can build a community without those facilities or without street paving, under the hon. minister Mr. Copithorne. The airport programs that we have introduced and which were referred to by the hon. Provincial Treasurer in his budget speech; the Alberta Opportunity Company that is answerable to me in looking at the varying rates of interest so that the situation and viability of some of the opportunities in rural Alberta could be addressed to an interest charge in which the particular situation could flourish; the R and D programs at the university that allowed us to move into the areas where some of the research and development and possibly some of the industrial know-how was not afforded except through a more considered program that went out into rural Alberta - and on it went.

We have moved into another area that appeared to need and require the consideration of this government in the areas of establishing the basic, or what I call the genesis, of industry, steel and hydrocarbons. Therefore [we] went into research, studying and identifying the problems that made it possible for us to diversify our economy through the processing of our natural resources. These are the areas that the department has addressed itself to over the last two and a half years.

As an opening comment I just wanted to take these few moments to relate that the department has now moved into the areas, I think, of equal opportunity for all sections of Alberta. We are well staffed and well-prepared now, I believe, to accomplish the objectives that we originally set out.

I might conclude my few comments by stating that Votes 1601 to 1626 inclusive cover the Department of Industry and Commerce. I am also responsible for answering any questions on the AOC. The ARR, of course is under and will be reported by the hon. Provincial Treasurer and the research council.

Thank you.

MR. CLARK:

Mr. Chairman, just two quick questions to the minister.

I would like to ask the minister, first of all, if he would tell us where in the budget we'd find the grants that are alluded to in Bill No. 44? The minister will recall when this bill was in second reading, some reference was made to the grants that were going to be made. There have been amendments introduced since that time. If I recall the discussion in the committee properly the minister was going to get these grants by means of special warrant later on through the year.

I wonder if the minister would also outline the kinds of uses that he sees these grants being put to?

MR. PEACOCK:

We are looking at three areas with regard to grants. First of all we will be looking at them in the area of our airport policy.

Until now, as you appreciate, airports have either been financed on a municipal basis or under the federal jurisdiction of MOT. We felt that the program in order to transport people and goods more rapidly in the province wasn't quite doing its job under that structure. We have introduced an airport policy in which we will find it necessary to afford some grants in the acquisition of property et cetera.

These grants in some cases will really be loans. Over a period of time, depending on the growth of the airport, it will return to the federal jurisdiction. The province will in turn be paid back.

We see some grants coming up, of course, in areas of transportation research such as WESTAC which is really a program that was developed in Western Canada to thwart the problems we have experienced in the past of lack of planning and lack of system understanding. This is where the principle of this organization is to collect and coordinate the research done by the commodity people, the systems people, the governments, the users, the port facility people - and bring it all together so that over a period of time we would be able to determine the policies that would be in the best interests of getting a functional transportation system for western Canada.

Appropriation 1627 covers airports only. And I was getting to other areas of grants.

MR. CLARK:

Just to follow it up, Mr. Chairman. When we had the discussion on Bill No. 44, the minister indicated this was a new move the government was getting involved in, mainly under Section 10. The Lieutenant-Governor may make regulations dealing with the making of grants or the guaranteeing of repayment of loans made to persons involved in the commerce, industry or economic development in the province. Now the kind of points the minister has made here simply don't tie in with this explanation in the bill. My question is, where is the money for that? I was of the impression there was no money in the budget for that, and that you would be going to special warrant for that kind of thing? What kinds of uses do you see being made of this money?

MR. PEACOCK:

There is nothing in the budget for that particular area. The reason for that is because at this time and place we really see no place for it. But because of the sub-agreements - with the new arrangement that we have with DREE - from the umbrella agreement will emanate these sub-agreements and the industrial agreement will come into that, which eliminates any particular boundaries, geographic areas. There could be, for competitive reasons - and I think I explained that in the House - a need for having a facility for a grant, for which we would have to go to an order in council.

MR. CLARK:

The second area I wanted to touch upon for just a moment, Mr. Chairman, deals with the relationship between the Alberta Opportunity Company - where it makes money available - and other government departments. The reason I raise this question is because of a very specific case. The Alberta Opportunity Company, I am told, made money [available] to a private operator who has camping facilities in the Niton area, and the Department of Highways also has a camp there. In fact I am told that the Department of Highways is involved in upgrading its overnight camping facilities in Niton. Also we have the Alberta Opportunity Company having made funds available to a private individual - and within two or three miles you have Opportunity Company money in one venture and the Department of Highways in another venture.

I raise the question for two reasons. What kind of checking of relationships is done within the government on this kind of thing, especially in tourist-related areas?

MR. PEACOCK:

Well, I speak on behalf of the Alberta Opportunity Company, and Mr. Dowling might reply in regard to the department of tourism. Allow me to suggest that the AOC basically, in relation to tourist loans, looks at the need, makes its considered assessment in regard to the management, economic viability and resource facilities, basically takes those figures that are supplied to it, and on the recommendation of the department of tourism relates those back into the projection for the present as well as the future. It then identifies from that and makes the loans and advances them. Where you are into competition between a provincially funded and a privately funded operation, I must suggest that this has to be, and in most instances, is just a judgment call. I don't think there is any rule or regulation that you have to be 500 miles apart or 200 miles apart or 2

miles apart, as long as in the analysis and in the independent judgment of a diversified board of directors as well as a reasonably capable, I would suggest, staff of loan officers and built-in capacity to analyse the needs and requirements of this province in this area, a decision is made.

MR. CLARK:

Mr. Chairman, just following that along, I have no commentary about the competency of the staff of the Alberta Opportunity Company.

What I would really like to know, and perhaps it's unfair to ask the minister right now, would the minister undertake to check on this particular situation - Niton on west. Your colleague knows the situation well, I'm sure; the funds that were made available by the Alberta Opportunity Company there for a particular overnight camping venture for trailers and so on, right in that general area.

My whole concern is this. We have the Department of Highways running a venture. We have the Alberta Opportunity Company involved in a venture. It just doesn't seem to me that it's a good venture. I question whether we've done a service, perhaps to the individual concerned by making the money available to him.

MR. DOWLING:

Mr. Chairman, if I might - it's Niton Junction you're referring to? In that particular area the Travel Alberta people have engaged an organization to do a study on all campground facilities presently located within the borders of the province in Alberta, both privately operated and operated by the government.

With regard to the Niton Junction one, because of the need to establish whether we need overnight accommodation in the government operated campsite at that point, that particular campsite will be closed except for day use this year. In that way the study can proceed and there can be some control so that we can establish whether that private operator can make a go. We're giving him every opportunity to [do so] this year. Also we're doing it so that the study can proceed properly.

MR. CLARK:

So the Department of Highways facilities in the Niton Junction area will not be for overnight accommodation from now on? Is that a fair assessment?

MR. DOWLING:

That is as we understand it at the moment. These are the rules we have laid out initially for this study to proceed. It hasn't been started at this point. But in discussing this matter with the Travel Alberta people, it was one of the suggested terms of reference for the study that that particular site be closed except for day use.

MR. LUDWIG:

Mr. Chairman, I'd like to make a few comments concerning this department. I raised a question to the hon. minister some time ago about whether we are going to be going into business progressively more and more or are the announcements we have to date as far as we intend to go.

In watching the performance of the federal government and this government for the last while, I gather that nothing aggravates a Conservative more than to see some other government go into business. That has been made plain in this House and outside the House, except, of course, when it goes into business itself.

That is happening in this province today, Mr. Chairman. We virtually bristle with anger when we see what the federal government is doing to business in this country. We don't like it. We think it's a step backward and we virtually rebel against it, both here and in Ottawa. I'm referring to the Conservative party.

I think, now that we're graced with the presence of the Premier, that perhaps he ought to say a few words on this question so far as the defence of the private enterprise system is concerned. Because from my understanding of the word, it's virtually non-existent. There is some business left yet that does not need government props. But by and large they're beating a path to the different government agencies, both federally and provincially, to get an easier loan and in some instances to buy their way into business with public money.

I'm not saying that some of the programs have not considerable merit and that we have to help some of the localities to be a little self-sustaining. But there's a limit to how far we can go to make it easy for them to get into business, because that's just the beginning.

If there's no call for an establishment of a business, either because of population or resource or our geographic isolation, then if we need to subsidize by government encouragement the establishment of businesses in localities throughout Alberta, the time will come when we will have to prop them up again and again. Competition can get tougher.

As time goes by, some of the advantages that we have by way of energy may not be quite as advantageous as they appear at the present time. We are really taking a chance on what will happen in the future. I'm sure that somewhere down the road, maybe more years than just a few, there could be a day of reckoning as to whether an industry in some town 60 miles from here would have possibly been established had it not been [for] the injection of government funds. I'm using this illustration to say that we are virtually helping areas buy in and perhaps compete with business that exists now. They can't possibly manage under what we refer to as the competitive enterprise system. So it isn't a case of me rebelling against government help. The question is, is this just a beginning or are we going to go Ottawa one better? Are we going to say, well, we're partners when we get half the people to buy shares and we control the business but when Ottawa does it, this is government business?

Reading Ottawa's Hansard and particularly in listening to the Conservative MPs, they're very, very annoyed about any government encroachment in business. I doubt if they got elected whether they would ever go back. They'll back off and say, we'll ban and get rid of some of the Crown corporations. I doubt whether they have that status or that real dedication to their principles to do this. Nevertheless, I'm one of those people who believes that we cannot buy Alberta into an industrial position competitive with the rest of the world.

We'll always be handicapped, even if we form the government in Ottawa, with transportation problems. We manufacture commodities that we can use in Edmonton, we manufacture them 200 miles north, and the man who is 200 miles north cannot compete with the factory manufacturing the same item in Edmonton. It is a fact of life. It's like the dairy farmer who lives two miles from Edmonton and the dairy farmer who lives 300 miles from Edmonton who has to seek a different market. Of course, we can always subsidize things and help them. Nevertheless, when competition gets keen they come back for more support from the government.

I would just like the hon. minister or someone in the government to tell us whether this is a trend that we're witnessing now. I believe that even within five or six years we will not have the same system of commerce in this province that we had last year. It might be an improvement. It might create more goods. It might create more jobs. There is no saying that it will improve the quality of life for people generally, nor that we will improve life for the people in this province elsewhere.

With those few remarks I wouldn't mind a few answers. I know that it is not the minister's responsibility to set the trend whether we go into business as a government, even though we might hide under the guise of going in as partners. We're still going into business. We're still using public funds to go into business. There are examples, in the West particularly, where this has not been a good idea. If the circumstances do not warrant an advent in business under the competitive enterprise system where a certain industry cannot attract money, when it has to be propped up, when it has to be subsidized if perhaps by no other means than tax concessions or favourable loans, then the long-range need for that industry has not been established, Mr. Chairman.

I feel it's important enough that we get an indication from the government members as to why we are moving that way. Are we moving that way deliberately with planned government intervention in business? That is an interesting question. I often read speeches from prominent Conservatives in Ottawa and they virtually flip in midair when they hear that the federal government has gone into another business.

We're watching that kind of move, even though it is not quite apparent. We are watching that kind of move in this province, where government funds are finding their way into business in competition with other enterprise in this province. And when we see major companies beginning to cast doubt, beginning to announce that they are not happy to proceed in further investment in this province, it isn't only because of what Ottawa did. It's partly because of the uncertainty created by this government. You can't just point your finger at Ottawa and say, well, you've done this and this, so AMOCO is going to leave Alberta. There is somewhat of a disenchantment with the climate in this province, the uncertainty of the ground rules, the shifting of position ...

MR. DICKIE:

Mr. Chairman, on a point of order. I'm wondering if the hon. member could support the statement that AMOCO is going to leave the province. They have made an announcement, but not leaving - I believe they are suspending their operations somewhat. I think there is quite a difference.

MR. LUDWIG:

Mr. Chairman, I qualified my remarks by, companies which are making these announcements from time to time. It isn't a healthy sign whether they leave or not. I doubt whether they can leave - just pull up and go. They have too much in this province. But I'm of the opinion that if they had nothing in this province at the present time, if they started with dollar number one as they did under the previous government, they would bypass Alberta, Mr. Chairman.

I believe the hon. minister should well be sensitive about the fact that we have rocked, perhaps not so much the boat, but we have created an atmosphere of some uncertainty, not by ourselves, but just as much as the federal government may have. The actions of the federal government, where industry really doesn't know what it will have to pay tomorrow - the same doubt exists about the present province.

It's a sad reflection on this government that they will not only move into business unannounced, they make their announcements elsewhere and then we know last. But the fact is that we cannot get a commitment as to whether they will go no further, whether this is a trend that will go in deeper and deeper and deeper until there is a breakdown. Either we'll lose the ground we gained by government going into business - whether we'll lose because industry will back-off where we put money in.

So these are just a few of the points that we need to raise. I don't believe that the hon. Premier's hands are entirely clean when he says, well, we are not going into business, we're just going in as partners, partners with public funds. But we are going into business, whether it's a partnership, whether it's an Alberta energy corporation or whether it's direct government loans or grants to industry in competition with other industry.

So I believe that the hon. Minister of Mines and Minerals ought to give us a few of his views on the future of private investment so far as his department is concerned, whether there is a real disenchantment with this province. They might well say, we've never had it so good. Money's pouring in from every direction. Money is plentiful. We'll have a surplus. It's our policy. I don't believe it's the policy of this government at all. I believe that what was built on a solid foundation of confidence and a buoyant economy in this province through the years - through the last two or three centuries - the foundation was built and the beginning of the wrecking of that foundation has started under this government, Mr. Chairman.

Now, I would just like to urge one of the ministers to give us some indication if this is a policy, a continuing future policy of creeping into business more and more and more; and to see whether we'll grab more or whether Ottawa will grab more, and see what the future holds for this province.

Thank you, Mr. Chairman.

MR. PEACOCK:

Mr. Chairman, I think it's necessary to comment on the hon. member's statements regarding free enterprise and what this government's doing. I would remind him of what the Premier said and I think it's borne out by the facts so far. This government has had no interest in getting into the management of any business. If we find that in the constitution of Canada we are at a regional disadvantage, two actions must take place.

Within the capitalistic system or the free enterprise system it's natural that the responsibility of any company goes back into the shareholders. The optimum amount of profits must be generated. Consequently, any company which is developed and has its resources and its manufacturing facilities in eastern Canada must in all deference to its shareholders take the attitude that it has to [make] that maximum return in that area. All we're saying and getting involved in this is that the privilege of the individual is superimposed on the state, and that every individual should have an equal opportunity regardless of where he lives in Canada.

What we are attempting to do within the programs that we have outlined here today - and I must confess that possibly because of other reasons it wasn't very succinctly done in the beginning - is to identify that we were giving every person in the province of Alberta who wanted an opportunity to expose himself and be afforded those areas of getting into marketing or research and development, or to become adept in the entrepreneurial skills that would give meaning and purpose to the products of our educational systems in this province, whether they be vocational or academic or polytechnical.

I appreciate that we can get into some very delightful academic discussions about free enterprise and the semantics of "free" and its redundancy. And what does "enterprise" mean, and competitive enterprise", et cetera? I quite agree that in the changing conditions with which we are faced in a landlocked province of Alberta with 1,600,000 people - superimposing that on a 49th parallel that identifies itself with barriers that

are put there by the majority of vote that exists in eastern Canada and is not sensitive to our needs here in Alberta in most instances - we have transportation systems and problems which, in order to get into the market place that is natural for our products within this province, require the consideration of the federal government because of interprovincial trade.

I think it becomes very redundant for anybody to start criticizing the objectives or the moves that the hon. Dr. Horner has made in getting agriculture processed, looking at the export markets and the capability of moving those processed goods into a solid market place other than just being dependent on the domestic market.

For us, looking at the processing of the genesis of all diversification for industry, which is steel, and recognizing that if we are going to move in any way, shape or form and afford the opportunities which I have referred to a few moments ago, we must have that decision-making of that steel here in western Canada.

Finally, in making the base and that opportunity available for more and more Albertans and particularly rural Albertans so that, once again, they have the dignity of identifying and being their own masters, they must be given the chance to be competitive in their market place. The only way they can do that is by having the base or the feedstocks at a price that is competitive in the world market place.

This is not an easy subject to discuss. I appreciate that. Maybe this isn't the time to do it, but I couldn't just sit and not come back and at least make a comment or two regarding the objectives of the government in the total concept of directing all our economic opportunities and efforts to the privilege of the individual.

MR. DRAIN:

Thank you, Mr. Chairman. I have listened very intently to the hon. minister. No one can fault him for the grand design which he has for the Province of Alberta. I also have to concede that he has on his staff people of considerable expertise in economics. I conclude this from the type of reports that do come from his department.

However, I wonder whether there is in fact a master plan or an evaluation of how rapidly you can go forward with all these plans having regard for the availability of the essential components which are men and material.

We have the situation where the Minister of Public Works, whilst talking on the estimates, said that it was necessary now for his department to hoard steel in order to see that it was available to carry on his public works program.

We have several major programs of considerable scope going on in Canada at this time and quite a large number on the drawing boards. To say that the economy of Canada and of the western world is moving at what you would call a flat-out pace with no additional potential available would probably be a fair statement. With any particular piece of metal equipment that is required, you are looking at an order situation where you are talking about six months, nine months or a year. It can be anticipated with two digit inflation that the best place to put money is in something tangible. Hence there will be forward buying at a greater and a more accelerated rate. The consequence is that there will be a fantastic upsurge in prices. There are definitely limitations on how far and how fast you can go.

Therefore, I see the necessity for a planning program that would fit the future evolution of the industrialization of the Province of Alberta within the spectrum of realities. I wonder if the minister can comment on this.

MR. PEACOCK:

Mr. Chairman, on the master plan, as it's called or as suggested, we quite agree that once we start moving out of the exploratory stage and start looking at the production and then move back more into the second and third generation production and manufacturing, the tertiary areas, taking this transition creates some real problems - real problems in manpower, real problems in scheduling. We appreciate that you just can't take a province of 1,600,000 people, change and diversify it with the opportunities we're talking about and do it nicely and easily with no disruption, no problems in regard to the requirements of venture or equity capital and no problems with dislocations of people in the various areas.

I might say we are looking at the total picture of Alberta and doing an assessment of its marketing or manufacturing potential in regard to agriculture, hydrocarbons. We are determining where Alberta sits with those natural resources it can process and be competitive with, not only in the domestic market but in the international and world market, and at what time this expansion or growth takes place so that it moves into the market place with the minimum amount of dislocation or problems that we might experience.

in regard to all the costly infrastructures that are necessary in order to build this province.

In other words, what we are alluding to is the same thing that happened in Grande Cache. A great capital investment of infrastructures was necessary

to put on stream a natural resource which in the market place didn't make sufficient return. Consequently a great debt was placed upon the people of the province of Alberta. We don't want any reoccurrence of that. Not that that was wrong. At the time, under the circumstances in which the presentation of the economics was given, it was assumed that it was going to be profitable. But it wasn't. As a result the province and the people of Alberta have assumed a great liability, a liability in respect to debt if debt is a liability.

So in order to share that capital risk and make sure that we are not getting ourselves into a vulnerable position such as where the infrastructures in these communities aren't built up and then we find that in the market place there is a recession on that material or a withdrawal or a lack of competitiveness, we must address fairly intense studies and understandings to the best of our abilities with the capability of the kind of staff - and the reason you are here tonight voting on this is to determine the kind of staff to back up the judgments that we as a government are making in these areas so that we don't have them compounded as in other instances I have reflected on, such as the Grande Cache area.

So to answer your question, yes. To say specifically that we could pin on a wall a schedule of how and when each of these industries is going to take place - because after all when we move into our department, apart from what our honourable friend from Mountain View states, the fact remains that we do live in a free enterprise community in Alberta. Therefore the industry itself must generate when it is going to move into this plan that we in the province of Alberta have laid out and made available for it to take advantage of.

That goes for [the] transportation [industry], so that their position is competitive. And when they are relating and making a decision in New York, Toronto, Calgary or Edmonton, they can look at the Alberta market and say yes, because of these situations, because of this venture capital being here, because of this risk capital being available in Alberta now, because in a landlocked province we are now competitive in transportation, we can move into the market place. We can be competitive because we are moving towards a more equitable arrangement in our GATT and our bilateral arrangements in regard to our tariffs. We will decide now to locate in Alberta.

Then we have to tie in with the free enterprise decision along with good government planning and identify through the Minister of Labour what the problems might be; and through the educationists to determine the output from those institutions in order to take care of that growth on an orderly basis.

MR. TAYLOR:

Mr. Chairman, may I make three comments quickly on three of the votes.

The first one is on the Alberta Opportunity Company. I would first of all like to thank the hon. minister and the members of the opportunity company for the excellent service the company is giving to our smaller communities. The rapidity with which the members of that company get out to help small businesses that are in difficulty is certainly worth noting, and I certainly appreciate it very much.

The Alberta Opportunity Company, I think, can do a tremendous job in revitalizing our smaller communities, our towns, villages and hamlets. When services move out of a smaller community, that community is dying. But when the merchants move out, the community is dead. Throughout the province of Alberta and certainly throughout my constituency, the merchants in some of the smaller areas of towns, villages and hamlets are men who have been in business for many, many years and are reaching the stage where they would like to retire. This is a worry. If the store closes up, it is a deathblow to the community.

The policy of the government is to try to revitalize our communities. While I admit this is easier said than done, I appreciate the attitude of the government in that regard in the things they are trying to do.

When a small community business is offered for sale, I am sure there are young people who would like to get into general business in a small area. But if they have to compete at the same interest rate as getting into business in the city, it becomes very uncompetitive. I would like to thank the hon. minister for going as far as he has in making a difference in the interest rates between loans to smaller communities than those to larger cities.

I would like to see the matter, however, go a little further. I don't know whether the government would have to subsidize or not, but with money from the Alberta Opportunity Company, I believe that many of our small businesses can remain in our towns and villages. As these senior citizens - many of them are senior citizens - retire, they can sell out to younger men or younger women, providing they can get the money at a fairly low interest rate. And I am talking about 5 or 6 per cent. If this can be done, I can see businesses remaining in many of our towns and villages. If they have to pay 8, 9 and 10 per cent interest, I can see grave difficulty in these businesses selling out to younger men.

As I said before, if the business of a town leaves, it is a deathblow to that town or village. As long as there is a store there, many people will continue to make that their marketing centre. As long as there is a butcher shop, many people will continue to go there. But when there is no store and no butcher shop, they go somewhere else. They soon get the habit of going somewhere else and the town, for all practical purposes of enterprise and business, is dead.

Already the difference that the minister has made in the interest rate, I think, is having an effect. But if it could go one step further, and become a little lower in these smaller places, I think it would be a real boost and a real boon to keeping many of our smaller towns alive.

I have been in many, many towns and villages in the province, and I think you can generally say that the merchants in these smaller towns and villages are men - I would say men or women, but generally it is men - who have been in business for many years. Some of them have sons to take over if they could sell it out. Others haven't sons and must depend on other people. But if that business closes up, it is just too bad, and it is going to be harder than ever to get life back into these towns and villages.

So I would again like to ask the hon. minister and the Alberta Opportunity Company to take another look at this matter of providing money for loans in our smaller towns and villages at a lower rate of interest than is presently being charged. Seven per cent is certainly better than 8 per cent. That helps. But I think it has to go a bit further to be really meaningful to our smaller towns and villages in the province.

The second comment I would like to make is in connection with [Appropriation 1627] Transport Research and Development. I would strongly recommend to the minister that studies be made of two items, in the first place in regard to rapid transit. We have two metropolitan areas in the province now which, in the next few years, will probably be spending millions of dollars on rapid transit. There are various methods of doing this. I am not going over them today. The hon. minister probably knows each and every one of them by name. But there are several methods of doing this. I would like to see the department provide a real service to our two metropolitan areas by having a careful review or study made of the various means of carrying out rapid transit.

An engineer in metropolitan Toronto told me that had Toronto waited just a few months before they made their final decision, they could have saved themselves many thousands of dollars by using a different method of rapid transit. There are a number in Europe and around the world, and I would like to see a study made where these are all set out and made available to our metropolitan areas so that they will not be going into one particular method. I think this would be a real service. It's not telling them what to do, it's providing them with information about what's being done around the world.

It was my pleasure last New Year's, when in San Francisco, to have an engineer take me through their rapid transit system. The improvements they made, even over Toronto, were really tremendous and they are going to pay off in the future. I think for the department to have a man see exactly what was done in Toronto, Montreal and now in San Francisco, together with studies of those in other countries in the world, could be a real boost to rapid transit, which is bound to come in our two large metropolitan areas and perhaps elsewhere.

The second point under transport research is that today we have competition, which is the lifeblood of free enterprise, taking place between various modes of transport.

I really think that at times we are wasting money by having this competition between two completely different modes of transport. Each one, the railway, the truck, the pipeline, air transport and water transport, has its place. Some are more readily adaptable to carrying certain bulky or non-bulky materials. Again, I'm not going through all the various modes, but I would think that a study of the modes of transport, setting out the best way each mode can serve the country and the province and provide a service to the people at the lowest possible cost to the consumer, would be very valuable information to the province as a whole, and possibly to the rest of Canada.

I don't know of a study that's been made of the various modes but we're always asking, will the pipeline replace the truck or should the trains be put out of business by trucks hauling bulky materials, et cetera, et cetera? I think a careful study, by knowledgeable

people, of the modes of transport would be a real service at this time to the transport industry and to the consumers of the province.

I want to make just one last comment. I would like to commend the government, the minister and the research council for spending some money this year on underground gasification. I think this is a timely expenditure and I'm glad to see it being done. Even if only a start is made this year on underground gasification, I think it's a start that will pay off in the years to come.

MR. DIXON:

Does the minister want to reply?

MR. PEACOCK:

Mr. Chairman, to the hon. Member for Drumheller.

First of all, I think his comments were excellent. On his suggestion last year we reviewed the problem of a differential interest rate between the urban and the rural communities. There's no question about it, there's nothing magical about saying that interest rates should be 10 per cent all over the province or, for that matter, that they are 10 per cent in the large metropolitan or urban areas and try to get it in the smaller areas. We've experienced, from our exposure with AOC, some real background and some real information in regard to this differential interest rate, as to how it might do the very thing that you're suggesting, keeping the service industries in the smaller communities open and viable. We feel that one of the most effective approaches is certainly in looking at the interest rate and I can assure you that we will be doing that this year.

I might just comment very quickly on research on transportation. As you appreciate one of the reasons I'm here is because, in a landlocked province such as Alberta, the problem of transportation is, of course, paramount to our survival. If we're going to stay within the constitution of Canada, we're going to move east and west by necessity, and we're looking at the growth of the north, of course. That identifies new modes of transportation, new methods to be looked at, as to how to move people and goods more economically and safely than we have experienced in the past.

To do a study, as you're suggesting, in the comparative equities of transportation modes for a given condition, we have initiated in conjunction with the federal government and the two municipal governments as well as the province, a study of intermodal traffic between Edmonton and Calgary. This will be an interesting study when it is released sometime later this fall. It will afford us, I think, some reasons for comparing new modes of rail, air and highway transportation.

As far as the rapid transit system itself is concerned, and a study in regard to this, I leave that for my honourable colleague, the Minister of Highways. He will have something further to say about that at a later date.

To come to the third point, I can only add that within the research council the hon. minister Mr. Dickie and our colleagues in cabinet have looked at this energy and our resources in regards to energy, not only in the present context but in the future. As a result of that, while we as a province mightn't be faced with the need for such an acceleration of gasification research as maybe Saskatchewan, with our tremendous coal reserves we must address ourselves to it. That's what we're doing. We will be moving more extensively in that area each and every successive year. I might just point out, as I think I have before - and this identifies itself with transportation too - we're looking at gas and export of the extraction of helium, and the storage of that for lighter than air vehicles. It might be a means for a new mode of transportation for the North.

MR. DIXON:

Mr. Chairman, I have one or two points I'd like to bring up and maybe the minister could reflect on them.

Mr. Chairman, the first one I'd like to bring up for the hon. minister is regarding the IPSCO complex. I was wondering, Mr. Minister, what cooperation there is between British Columbia and the two prairie provinces. British Columbia has just recently sent a mission to Japan. They claim they are going to build a large steel complex in British Columbia. If my memory serves me right, during the western economics conference there was talk of all the prairie provinces and British Columbia working together in a steel industry.

I would appreciate if the hon. minister could outline the cooperation, if there is any, with the Province of British Columbia and how it fits into the IPSCO deal. Also, while I'm mentioning Interprovincial Steel and Pipe, I was wondering just when the big project will start in Alberta, the proposal that we have as a province and we're hoping to bring forward.

Mr. Chairman, I'd also like the minister to outline, if he could, the future of the Imperial Oil refinery in Calgary. Has there been an extension to the life of that plant? Is it going to close down? Is it going to be sold?

One other question I would like to ask the hon. member is about the Alberta Opportunity Fund. What are the repayments? Are we running into any of these people who aren't repaying the loans? What is the repayment history of the loans that we have out at the present time?

Mr. Chairman, before I sit down, I would like to turn to what I think is the most serious situation facing the Department of Industry and Commerce and, for that matter, the whole government. I'll be quite surprised if there isn't an emergency debate in this Legislature in the next day or two if this problem isn't solved and at least brought to light.

I am referring to the fact that we have so many companies now who are talking about closing down until the federal government makes up its mind, or the provincial government makes up its mind. We didn't pay really too much attention to it, I don't think. I think we thought that the oil companies were crying wolf again and it wasn't going to make any difference. It is very, very serious because today we have had announcements by AMOCO Petroleum that they are going to suspend exploration in Alberta and elsewhere in Canada until the federal and provincial governments can give them their outline of their plans as far as their participation in taxation.

This has a very serious effect, particularly on the City of Calgary where thousands of people are employed in the oil industry. We had an emergency session on energy here last December regarding how the federal government was going to treat the province. I don't think the export tax is nearly as serious as what we are facing today with the threat of taxing of royalties and the increasing of other taxes on the oil companies. I think this is going to have a greater effect than what the export tax will [have].

If we passed legislation to meet the situation last December, I think this is the time we should be looking seriously at it to see if we can't use that same legislation to try to overcome some of the propositions that are facing the industry today.

The opportunity funds can talk about [sending] service people out into the smaller areas. Well, as all hon. members know, Mr. Chairman, many of the service industries in the oil industry, and in particular in exploration and production, are in some of the smaller centres. They will be affected. Whether you give the person 1 per cent off his loan or 2 per cent is not going to make any difference if he hasn't any business to look after. He is going to be behind anyway and the interest rate will have little effect.

Another thing I think is serious and [on which] we should really get together with the oil industry [is to] assure them as a government provincially and do whatever we can to get the federal government to assure the industry at the federal level that they are not out to kill the industry.

The very things that are happening in Calgary today are going to be tried. We are going to see if we can't work out an agreement that will encourage the industry and put some more faith back in the industry [to ensure] that it will go on in Alberta rather than pull back.

It's serious when you think of AMOCO with 30 per cent of Syncrude talking about pulling out. That's certainly going to affect Syncrude in my opinion. One of the major partners is not ready to go ahead.

We as a government and as a Legislature can say, well, the deal is pretty well signed and is going to go ahead anyway. But I have my doubts when I hear some of the announcements that came today. If the government doesn't make an announcement here in the next day or two as to when they are going to call the industry in before the Legislature, or at least before the cabinet, and assure them of what they are going to do, then I think this Legislature is duty-bound to have an emergency debate. That emergency debate will be asking for the public affairs committee of this Legislature to bring in the industry and find out first hand what their concerns are.

It is serious. People are being laid off, not only in Calgary but throughout the whole Province of Alberta. Thousands of dollars have been lost in the stock market.

MR. YOUNG:

Mr. Chairman, on a point of order. The hon. member is talking about people being laid off and so many companies making announcements about going out of business in Alberta ...

AN HON. MEMBER:

That's not a point of order.

MR. DEPUTY CHAIRMAN:

Order please. Order.

MR. YOUNG:

Either name them or let's be done with the innuendo.

MR. DEPUTY CHAIRMAN:

Please let the member finish his point of order, will you. We'll decide afterwards whether it is a point of order or not.

AN HCN. MEMBER:

That's no point of order.

MR. DIXON:

Well, Mr. Chairman, in all fairness the hon. Member for Jasper Place hasn't got a point of order. If he wants to say something about his ideas after I'm through, this is fine. I have named companies, AMOCO, Texaco - how many more would he like? We can just keep on going but ...

AN HCN. MEMBER:

Do that.

MR. DIXON:

... this is beside the point. If a large company employing 700 or 800 people is talking about pulling back, that's serious in my opinion. It's particularly serious to the 700 or 800 people who are affected. It's their bread and butter. Now, maybe ...

AN HCN. MEMBER:

... [Inaudible] ... laid off.

MR. DIXON:

Yes, some of them are being laid off today.

MR. DEPUTY CHAIRMAN:

Mr. Dixon, as far as the point of order is concerned, will you continue with your comments.

MR. DIXON:

Thank you, Mr. Chairman, I thought I was correct in my assumption that it wasn't a point of order.

Well, Mr. Chairman, getting back to what I was saying about the stock market. Unfortunately thousands of dollars have been lost by people in the lower-income or fixed-income bracket who invested in substantial companies that we have known through the years, Imperial Oil for one. I could go from Imperial Oil to, say, maybe the second type of company, Pan Ocean Oil which is half the price it was a month ago. You can't say it's a worldwide situation; it's a situation of uncertainty created in Canada by governments, both federally and provincially unfortunately.

Now, we have heard all about the free enterprise system from the hon. minister, and I'll give him full marks. I've always maintained he is a free enterpriser, and I still think he is. I'm sure he gets scared when he hears the hon. Premier talk the way he does.

Back in February he was saying, we're an activist government, and if industry in Alberta doesn't fit into our pattern we're going to get into it. This is from our own Premier. If the persons opposite would like me to read that, if they are not too sure, I'll be glad to, but I'm sure they were all at the convention. If they had only listened then to the concern of their own Calgary delegates who were trying to give them a message at that time instead of ignoring them, the situation might not be as bad as it is today. But no, they weren't listening.

What I'm saying, Mr. Chairman, is that it is a serious situation in which we find ourselves in Alberta. It's ironic when you think of it. We are in a situation here with all or most of the oil in western Canada, and yet there has never been more uncertainty in the industry than there is today. I noticed the hon. Minister of Mines and Minerals was

in here a few minutes ago trying to interject when the hon. Member for Calgary Mountain View was in, but I see he is not in his seat now. I'd like to hear some statements as to what their plans are to reassure the industry and the thousands of people who are working in the industry in Alberta. How far are they going to let this thing slide before they assure the industry and the people working in it that they have a future in this province?

If the taxing of royalty goes through, as I mentioned a little earlier, Mr. Chairman, it is going to have a greater effect than the export tax has had on our industry. Let's try to reassure the people of this province and nation of ours that they can still invest in a healthy industry, that the government instead of trying to say, well, we're going to make it as unsettled as we can will say, let's try to come up with some policies that will create a better investment attitude in our province and nation. That's the thing that is going to help in our stock market, that's what is going to help the small investor and that's what is going to ensure growth in this province of ours.

We need the private enterprise system today just the same as we have over the years. It has built this industry up. I think this government is duty bound in the next day or two or sooner to make an announcement assuring the industry that they are going to create a climate in this province for investment.

Also, whatever the industry feels is the problem let's bring it out, let's have a discussion on it in the open and let public attention be focused on it. Regardless of whose fault it is, whether it is the provincial government's or the federal government's, let's try to get it settled so we can go forward with the thousands of people who are involved in our province in that industry.

MR. PEACOCK:

Mr. Chairman, first of all I would say to the member about the climate for investment in the province of Alberta, that we have heard, I think, in relation to petrochemicals in the last month or so, over a billion dollars worth of capital cost projects, at least. We have heard of a billion dollars in the Syncrude program. We have heard of a \$90 million investment on Dow-Dome going into an exploration and drilling venture.

AN HON. MEMBER:

They're going to build in Nova Scotia.

MR. PEACOCK:

Be that as it may, at this time and place all I'm saying is that these are commitments as to an investment climate.

I would also suggest to you that looking at the growth of new industries coming into Alberta at this time doesn't indicate that the situation is as dire as the hon. member is suggesting.

However, there is no question that the hydrocarbons exploration and production industry in the province of Alberta has been hard hit by a situation that was put in the press, and a government was defeated on it. This situation is in no way a law or a fact as yet, and it would seem to me that we have until July 8 for the reassurance of what we are talking about as to what the stability of that industry might be in regard to Canada. And I think we have to wait until that time.

I would like to make a couple of comments on IPSCO. The hon. member was asking about what Alberta's and B.C.'s positions might be and how IPSCO might relate to the rumours that have been circulating regarding British Columbia getting into the steel business.

I don't think there's any question that I spoke in the House at the time of the Budget Debate, relating some of the background of searching for a steel - that is, an identification of steel decision-making, basic steel-making for the province of Alberta. We searched the world. I think we suggested, at that time, that where there was a technological breakthrough for many mills the size of a million-plus tons of steel a year, that would be capable of moving into such an area as Alberta. They preferred to go to tidewater.

One of those interested countries was Japan. They had informed us that if they were coming to Canada they would move on tidewater and certainly wouldn't move inland. Of course that justified our position that we related once again in the House. We were looking at keeping the decision-making of steel in the areas that would do the most good for the citizens of this province, the growth of our industries, and the two landlocked provinces of Saskatchewan and Alberta. That was the reason that we got into IPSCO on an equity basis and certainly not in a management way.

An indication of the activity that has been created through that fact that there is a capability for steel decision-making resting in the prairies, has been the announcement

that two reasonably large fabricators are coming to Alberta. They employ well over 600 people in various components of their fabrication programs, one in highly sophisticated tool making and the other in nails and wiring. Incidentally, we haven't had a nail factory in Alberta until this plant was announced.

As far as the Imperial Oil plant in Calgary is concerned, that is an industry decision. All this government attempted to do at any time in getting involved in that particular refinery was to be a catalyst in any way, shape or form that might make that particular plant viable and [able] to stay in existence, first of all because it's already in place in Calgary, and secondly [because] there were a number of employees who didn't want to be dislocated from that centre. If it could be made viable by a marketing unit along with the manufacturing facility that was in that refinery then we, the Province of Alberta, would assist such a program.

The employees of Imperial Oil along with Mohawk have made a feasibility and an engineering study and are presenting that to Imperial Oil. As I understand, it is in the process of negotiation at this time.

I feel that when we get talking about stock markets and I can't let that go unchallenged. I certainly am not about to get into a debate in this area but surely to goodness you're not suggesting that the Dow Jones and the New York stock market and what it has suffered is directly responsible to this province, or even [that] this nation is responsible for that situation.

I am as concerned as any member on that side of the House over what might happen to the exploration and the drilling industry in the province of Alberta. I think that the incentives my honourable colleague has brought out in regard to his drilling programs, the announcement of the Dow-Dome \$90 million drilling program, the activity that my honourable colleague will convey to you in regard to the statistics of drilling would indicate to you that this government has indeed been sensitive to this very problem and the problem regarding the decision by the large integrated oil companies, the large producing oil companies and particularly AMOCO, whose announcement was made yesterday.

I would say this, not that it helps the situation in any way, but I think we should know some statistics when we start talking about what the problems are.

We have alluded to the fact that the announcement of the federal budget and July 8 has created a negative tax position possibly on the incremental increase of an oil-fixed price for domestic consumption, that is the difference between the \$3.80 and the \$6.50. We appreciate that that exists under certain conditions of production. It can't continue to exist. It just can't continue. Surely to goodness the people of Canada will take that into consideration by July 8 ... [Inaudible] ... this decision.

I would say in closing in regard to the comments that the hon. member has brought to my attention, that within the petrochemical industry it is rather interesting to note that what we are talking about here is in relation to multipliers of people. We [can] take one person in a base industry of petrochemicals and multiply that into the tertiary areas by the thousands. That is what it means to Alberta in this particular industry that we are talking about today.

MR. DIXON:

Mr. Chairman, if I could make one or two points in answer to what the minister said, because he did make reference to it.

I am wondering if the government isn't getting lulled into sleep. July 8 is going to be the miracle day and everything is going to be solved. Even if the hon. Mr. Stanfield gets in he is not going to change anything. The problem is here with us today. Now Mr. Stanfield as late as last Friday stated that if the oil tax isn't collected by the present government it will be collected retroactively by the Progressive Conservative government. So you are carrying out the same policies.

Let's face facts. There is no way we in western Canada can put any political pressure on the federal parties either at the Conservative or Liberal level, because it is not going to make any difference at all. Let's not get lulled into sleep that it is. It is not going to. The situation is so serious that I think nothing but good could come out of getting together with the oil industry and saying, what are your problems and what is it you feel the federal government should or should not do - whether it be a Conservative government or whether it be a Liberal government. On July 8 the people of Canada will give us the answer.

Let's not use the excuse in this Legislature that July 8 is going to be a miracle day if the government changes in Canada. It is not going to change one iota for the oil industry. They are not going to be treated any differently, in my humble opinion, whether the Liberals or the Conservatives are in. If the minister can assure me that it is, well then I may agree with him. But I don't see anything, as I look down the road, that is

going to make any difference as far as Alberta is concerned. The fight is on now - the sooner we get down to business and say, what can we do to assist you to get over what the industry is in at the present time, the very unsettled state the industry is in at the present time.

I had hoped that the minister of Federal and Intergovernmental Affairs would get into this debate. I feel that we are taking advantage of the hon. Minister of Industry and Commerce. I think he is doing a good job here in Alberta, but this fight has gone beyond that now. I think we have got to dig our heels in and put forward the case for our industry in the province, as far as Ottawa is concerned. We might as well do it now, because on July 8 it is not going to make any difference. We are still going to be faced with the same problems, whether we have a federal Conservative party or a Liberal party. And of course if the NDP get in, and nobody's looking forward to that, but if it did, well then of course we would know they were going to socialize everything. We wouldn't have to worry, we would know what they would do.

It is certainly unsettling, I am sure, to the industry and to anyone else who takes a serious look at this situation. I would like to see the Premier and the Minister of Federal and Intergovernmental Affairs outline to this House what they feel is the problem, and what we can do to assist the industry so they are not making the kind of nonsense that we are getting in Calgary today.

We are in a very fortunate position in Alberta. We have been blessed with a lot of great natural resources, but they are not going to be developed properly with the unsettled air that there is in the industry and the whole investment climate in this province.

MR. D. MILLER:

Thank you, Mr. Chairman.

I will have to change the subject, so let Jim go.

MR. HENDERSON:

I just want to say a couple of very brief words on the comments that have been made by the member for Calgary Millican about his concerns about the oil industry. I simply say personally that I share his concern and have some very strong views on it. I think a word of caution is probably desirable in this House, at this time, about engaging in any sort of political debate on the issue. It isn't going to help the industry one iota. It could do some harm to it.

Second I think the last thing the government of Alberta should do before July 8 is take any stand or say anything on it. While it may not be relevant to the Province of Alberta, it is going to be extremely relevant, or could be, to the election outcome in eastern Canada. The last thing I think anybody in this Assembly would really want to do is add fuel to the fire in the federal election issue which is going to prove to our detriment at the outcome on July 8 in eastern Canada.

There's nothing that the Province of Alberta can say or should do right now in its attempt to alleviate the concerns of the industry. They're very legitimate and they're quite understandable but I would like to sincerely suggest to the members that indulging in partisan debate in this Legislature, although I enjoy it as much as anybody - I think it is a pretty touchy subject and could be detrimental to our own best interests, in the final analysis. I would accordingly [give] the members a word of caution on it. I'm usually not very cautious when I get up to speak on the subject but I think this may be the time for [caution] on our part.

SOME HCN. MEMBERS:

Agreed.

MR. D. MILLER:

Thank you, Mr. Chairman.

I would like to come back to this gasification of coal. As far as my knowledge is concerned, by the reports I get when I go home, there are complaints that the rural coal mining trade has been knocked out by rural gaslines, co-ops and also by the offer to buy propane tanks where it's uneconomical to put in natural gas. I was wondering, inasmuch as it has been mentioned, how far are we away from the gasification of coal? Is anything planned for all the coal from as far south as Taber? Clear over to Redcliff, up to Drumheller through the Brooks country and all through Lethbridge there's just all kinds of coal, right over to the foothills. Is there anything planned for a replacement for these ... [Inaudible] ... and the development, or are we going to sit back, wait and use up all

our reserves? Or are we really into this, to turn this coal into some sort of energy that's marketable?

MR. PEACOCK:

Mr. Chairman, I would first like to thank the hon. Member for Wetaskiwin-Leduc for suggesting that the subject he referred to is highly sensitive and possibly not timely for discussion in this House.

In answering the hon. Member for Taber-Warner in regard to gasification and the particular hardship possibly inflicted upon some of these small coal producers by our rural gas policy, both natural gas and propane, we are conscious of this situation. But to relate it to the timing for gasification and to suggest it is, with any reasonably close time limits - I'm talking now in terms of ten years or more - it would be misleading, I think, to suggest that within this area coal gasification of any magnitude would be taking place with the utilization of plains coal. It could happen sooner, but I am suggesting that certainly what information we have at this time wouldn't indicate that.

However opportunities for plains coal are growing, not only because of the possibility of utilizing it as a fuel in eastern Canada, but also for utilizing it as a generator for some of the hydro resources we will require particularly in the southern Alberta area as we grow, develop and diversify our industry. So the middle-range and long-range outlook for plains coal or the soft coals is reasonably bright, but to put it into a time frame and suggest for one moment that it is going to happen in the next two or three years, I think would be misleading. So it is in what we would call the short-term period, approximately anywhere from five years to ten.

MR. STROM:

Mr. Chairman, while we are dealing with coal, can the hon. minister tell us whether there are any new developments as far as Japanese contracts for coal? I think the minister will recall that sometime early in the session I questioned him in regard to the new operation that was starting, I think it was, in the general area of the Cardinal Coal Company. I wonder if you could give us some further information on that.

MR. PEACOCK:

Mr. Chairman, yes, there is considerable activity in regard to the Japanese contracts, both from a renegotiation point of view and from extended contractual points of view in regard not only to McIntyre Porcupine but to the other mines, and I refer of course to Coleman, Luscar and Mannix.

MR. STROM:

Just one other question. If there are further contracts for coal within the McIntyre Porcupine general operation or a new operation within that area, will the AR and R freight rates be increasing or is the minister in a position to give us information on that?

MR. PEACOCK:

Mr. Chairman, to answer the question simply, yes. But to divulge what the negotiations are at this time, we are in a very sensitive position in regard to dealing in overseas coal because each company deals separately. Therefore there is a 'division and conquer' in this area. What we're attempting to do is make sure that basically the Canadian producer is getting a fair return for his coal and can make a profit on it. With that objective in mind we're moving transportation along with it.

MR. STROM:

Mr. Chairman, I can appreciate the point the hon. minister makes. I think it bears out the problems we faced earlier in the sensitive negotiations that went on with the Japanese industry that was buying from us. I was primarily interested in knowing whether there is a general trend toward getting the freight rate up to the expected rate that we had originally [wanted] or even if it can be improved. We'd be in a better position. I'm prepared to accept the minister's answer that at the present time he is not able to give us any positive information other than to say that it looks much better than it did previously.

If I may change the subject, Mr. Chairman - unless there are some other questions on coal. I would like to ask the minister in regard to the IPSCO agreement, is there any confirmation on the part of IPSCO that if iron ore will be developed it may be developed within Alberta?

MR. PEACOCK:

Mr. Chairman, no, there isn't. What IPSCO says and what we concur with [is] that if the economics of the development of iron ore can be within the Alberta provincial boundaries then we will certainly use Alberta iron ore. If the economics do not justify the use of that iron ore then we have to either develop a new technology so that they are economical or else wait for that period of time in history when they do become economical for usage.

MR. STROM:

Is the research council, Mr. Chairman, continuing with their studies on the possibility of iron ore within Alberta?

MR. PEACOCK:

I wonder if you'd mind restating that question?

MR. STROM:

Mr. Chairman, some time ago - I don't remember the exact time - the Alberta Research Council was doing a considerable amount of research on the iron ore in the Clear Hills area. I am not sure whether that is a continuing project. What I am primarily asking the minister is whether the government has given it any direction to study that particular iron ore deposit or any other deposit that may possibly be found within Alberta. I am thinking of the suggestion made by the hon. Member for Pincher Creek-Crowsnest, when he suggested that there were other iron ore deposits within Alberta, possibly in the Crowsnest Pass.

MR. PEACOCK:

Yes. Mr. Chairman, frankly we're looking at the total geology as far as Alberta is concerned in regard to the iron ore deposits. That's number one. We're moving forward on that as aggressively as possible.

As far as the Peace River, or Clear Hills as it is called, we've put together a consortium of federal, provincial, and some technology from Germany in developing and pursuing further the research that the Alberta Research [Council] had done. We're carrying that on further in the hope that we will have a technological breakthrough to be able to use the Clear Hills ore on an economic basis. It would be the feedstock for a mini-mill, that is a mill that would use a million, 500 million tons a year.

MR. STROM:

Mr. Chairman, did the minister say that German interests were also involved in the continuing research of iron ore deposits? Mr. Chairman, may I then ask, is this in conjunction with the Alberta Research Council or are they in on their own? What is the agreement that we have with the German interests in this regard?

MR. PEACOCK:

Yes, it's in conjunction with the research council and the research council retains and will retain all the technology that might develop from this research program as privileged to Albertans.

MR. STROM:

Are they just putting in money?

MR. PEACOCK:

No. Research is just doing the work. Germans are putting the money in.

MR. STROM:

Putting the money in.

MR. PEACOCK:

And the federal government.

MR. DIXON:

Now, Mr. Chairman, I wonder if I could ask the minister a question regarding the state of the present repayments of the Alberta Opportunity Fund. I asked you earlier and I just thought maybe you didn't write it down and forgot about it.

Another question, while I'm on my feet, Mr. Chairman, is in answer to the hon. Member for Wetaskiwin-Leduc. I think if we really look at the situation seriously we can do the people of Canada a favour. I know it's not popular to support the industry. I know it's a very unpopular stand. It's the right stand as far as Alberta is concerned.

I heard a broadcast yesterday by the former premier of Saskatchewan and his answer to the oil industry was, too bad, they are making all the profits in the world, take over Imperial Oil and that'll solve the question. That's the type of propaganda that's going across Canada. I think the time has come now when we as Albertans who are closer to the industry - and many of us wouldn't be here today if it wasn't for that industry and we'd have to go elsewhere for employment - have to take a stand, whether it's unpopular or not. I re-emphasize for the benefit of the hon. Member for Wetaskiwin-Leduc or anyone else that we have nothing to lose by giving the true story of what the industry faces today.

Now the people in eastern Canada have been led to believe by the propaganda that's going on that everybody in Alberta is a millionaire. All you have to do is sink a shaft and the oil flows out. I think we owe it to the industry to get behind them and tell the people of Canada the facts on how important this industry is, not only to Alberta but to all of Canada, if we are to have a future supply of energy for this great nation of ours.

Thank you, Mr. Chairman.

AN HON. MEMBER:

Question.

MR. DEPUTY CHAIRMAN:

The question has been called.

MR. RUSTE:

Just one question: in the negotiations dealing with the coal contracts and so on, has any consideration been given to increasing the royalty to the province?

MR. PEACOCK:

That's to be answered by the Minister of Mines and Minerals.

MR. DICKIE:

Mr. Chairman, I have answered that two or three times in the House, and I wouldn't mind [answering] again because I think it's a very important question.

Our general position has been that we had the question of coal royalty under review. But pending the reports by the Energy Resources Conservation Board and the Crump Commission, we withheld active consideration of the question until those reports were completed. We now have those reports. The committee is being reactivated to come in with some recommendations as to the royalty, and we're looking forward to receiving those in the very near future.

[Interjections]

MR. DEPUTY CHAIRMAN:

Mr. Minister, the question ... [Inaudible] ... the Alberta Opportunity Company.

MR. PEACOCK:

Mr. Chairman, in answer to the question on the opportunity fund, we're running about 5 per cent in the overdue delinquency area. That, you know, depends on what the limits are. We feel it should be maybe 20 to 25 per cent.

MR. DEPUTY CHAIRMAN:

The question has been called. The resolution under consideration is:

Resolved that a sum not exceeding \$9,864,473 be granted to Her Majesty for the fiscal year ending March 31, 1975, for the Department of Industry and Commerce.

[The motion was carried.]

MR. PEACOCK:

Mr. Chairman, I move the vote be reported.

[The motion was carried.]

MR. HYNDMAN:

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

[The motion was carried.]

[Mr. Appleby left the Chair.]

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[Mr. Speaker resumed the Chair.]

MR. APPLEBY:

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

MR. SPEAKER:

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

HON. MEMBERS:

Agreed.

MR. HYNDMAN:

Mr. Speaker, tomorrow we will continue consideration of the estimates of the Department of Lands and Forests.

I move that the Assembly do now adjourn until tomorrow afternoon at 2:30 o'clock.

MR. SPEAKER:

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

HON. MEMBERS:

Agreed.

MR. SPEAKER:

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

[The House rose at 10:26 o'clock.]