

LEGISLATIVE ASSEMBLY OF ALBERTA

Thursday, June 19, 1975

[The House met at 2:30 p.m.]

PRAYERS

[Mr. Speaker in the Chair]

INTRODUCTION OF VISITORS

MR. LITTLE: Mr. Speaker, it is my pleasure to introduce to you, and through you to the members of the Legislative Assembly, 40 Grade 9 pupils from Ernest Morrow school in my constituency, the largest constituency in the province. Accompanied by their principal, Mr. Dyer, they are seated in the public gallery, and I commend them to your attention.

MR. FARRAN: Mr. Speaker, I have pleasure in introducing to you, 58 Calgarians from Branton Junior High School in North Hill in Calgary, Alberta's largest city. They are accompanied by their teacher, Miss Valerie Seaton. They are seated in the members gallery. I ask them now to stand and be recognized by the House.

MR. BUTLER: Mr. Speaker, it is my pleasure this afternoon to introduce to you, and through you to the members of this Assembly, 28 students from the Oyen Public School. They are accompanied by their teachers, Marshall Dzurko, Helen Carroll, and Andy Keir. I would ask them to stand and be welcomed by this Assembly.

ORAL QUESTION PERIOD

Wiretapping

MR. CLARK: Mr. Speaker, I would like to ask the first question of the Attorney General. Does he have anything to report to the House after the questions yesterday with regard to wiretapping, in light of the checking he was going to do?

MR. FOSTER: Mr. Speaker, I'm very grateful the Leader of the Opposition raised the point. I think, from my quick reading of the provisions of the Criminal Code, I could say the attorney general of each province is required annually to make public a list of all such activities. In the past, the department has done so by publishing such a report in The Alberta Gazette. The Solicitor General for Canada makes the report public pursuant to the provisions of the Criminal Code by laying the material before the House of Commons. It will be my practice, of course, to continue to make this public, as the code requires.

I should emphasize that I do not think it's proper that I be asked to comment or, indeed, that I respond in the House on a matter of wiretaps, because I could be put in the position of possibly having to give information that may affect investigations under way. There is a provision in the code requiring this information to be made public. A provision requires that the parties involved in such activity be notified 90 days after the event. I believe that is probably adequate protection of the public interest, in the circumstances.

MR. CLARK: Mr. Speaker, a supplementary question to the Attorney General. Do Alberta police forces keep records of their wiretap equipment: where it's used and, in fact, where

it's stored, so someone in the province knows where this equipment is when it's not being used?

MR. FOSTER: Mr. Speaker, I have no personal knowledge of how the police forces of the province maintain this special equipment. I am very confident that they are very careful about how it would be maintained and that its whereabouts be recorded at all times. I'd be happy to look into that matter, however, if there appears to be some doubt.

MR. CLARK: Mr. Speaker, a further supplementary question. Would the Attorney General outline the safeguards the province has in place to guard against unauthorized use of wiretap equipment by law enforcement agencies? Is there any protection in place now?

MR. FOSTER: Mr. Speaker, I'm really not sure what the hon. leader is asking. Is he suggesting we should have a police force to police the police? I wouldn't think so.

I would refer the provisions of the Criminal Code to the hon. member or to those who may be interested. If the hon. member feels there is some possibility this kind of equipment may not be properly stored, cared for, accounted for, or used, I would be happy to pursue that with him afterwards at his convenience.

MR. GHITTER: Supplementary, Mr. Speaker. By way of clarification, I'm wondering if the hon. Attorney General would advise as to the procedure relative to wiretapping. In other words, is his department made aware of any intention of any of our police forces relative to the utilization of wiretapping equipment?

MR. FOSTER: My understanding of the procedure, Mr. Speaker, is that when members of a police force wish to undertake such an activity, they contact the members of the Attorney General's department. I believe there are two or three people in the department who have the delegated authority to review such applications, and if they concur, to apply to a Supreme Court judge for an order which would allow such wiretapping. The materials, the documentation, and the evidence in support of that application are kept under lock and key. It does not become part of a public court record until the matter has been disposed of.

MR. GHITTER: Supplementary, Mr. Speaker. Is it then possible that the Attorney General's department would authorize or approve of the wiretapping of the telephone of a lawyer?

MR. FOSTER: If we're speculating in the area of possibilities, Mr. Speaker -- and I think we should be quite clear about this -- if we're talking about a hypothetical circumstance, if the police felt there was sufficient evidence to justify such an application, if we concurred, and indeed, if the judge of the court concurred, I don't think any profession or individual could claim they could not have their telephone tapped in these circumstances.

I'm saying that every citizen, presumably, would be subject to that kind of court order. Members of the legal profession certainly wouldn't be excluded for any reason.

MR. CLARK: Mr. Speaker, one further supplementary question. Would the minister be in a position to indicate to us who the designated officials are in the Attorney General's department? Is it the Attorney General himself, or has he designated this?

MR. FOSTER: Mr. Speaker, I know the Attorney General has such function by legislation. By definition, the deputy Attorney General would have such function. I'm quite confident the director of criminal law would have such function. I have not personally reviewed any letter of authority delegating such function to other persons. I've looked at the procedure thus far and discussed it with the senior officials of the department. I do not have at hand today the names of the individuals involved, but I'll satisfy myself they are obviously senior people in the department and obviously accountable to my office.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. Are any specified criteria used by the officials of your department in determining these applications?

MR. FOSTER: Mr. Speaker, I cannot call to mind immediately the specific requirements of the Criminal Code, but I'm sure requirements are there that have to be met. I would refer the hon. member to the Criminal Code, if he chooses to review it. I will do so again. Clearly, such activity would not be taken unless there are reasonable and probable grounds for believing such effort would be material in support of criminal offences in the province.

MR. GHITTER: Supplementary, Mr. Speaker, to the hon. minister. Would the minister take under advisement and bring back to the House the answer as to what material is requested by the Attorney General's department in order to establish the prima facie case whereby you would then allow this wiretapping to proceed, that is, the criteria within your department -- what is required?

MR. FOSTER: I'd be quite happy to satisfy myself on that point, Mr. Speaker, and if the members of the House are interested, to indicate to the House the relevant considerations

in the granting of our permission to proceed and our view of the relevant considerations in the granting of the court's judgment to award such measures.

Oil and Gas Pricing

MR. CLARK: Mr. Speaker, I'd like to direct my second question to the Premier and ask if, in light of the most recent statements from Ottawa, he is in a position to enlighten the House [on where] the negotiations stand between the producing provinces and the federal government with regard to a price for crude oil.

MR. LOUGHEED: Mr. Speaker, no. I don't think I can usefully report anything to the House at the moment, except to say that we certainly do not agree with the position being taken by the Premier of Ontario. We do not think Canadians should get themselves into a position of continued dependence upon foreign imported oil. We take issue with the position expressed by the Government of Ontario.

MR. CLARK: Mr. Speaker, a supplementary question. Is the Premier in a position to indicate to the House if there has been discussion with the federal government as to whether it plans to announce its price for crude oil at the same time as the budget, or is it a decision that is going to be held for some time after the budget?

MR. LOUGHEED: Mr. Speaker, I believe the nature of that question [is such] that it would be improper for me to respond. It really is a question in terms of timing that is still in the process of discussion between the Prime Minister and myself. Since we are involved in a federal budget, I don't really think I can say anything more at the moment.

MR. CLARK: Mr. Speaker, one more supplementary question. In light of the attitude of the Province of Ontario and some of the statements coming out of Ottawa, are plans firm now for any meeting between the Premier or his Minister of Energy and Natural Resources, and federal government officials prior to the feds -- the federal government -- making a decision?

MR. LOUGHEED: Mr. Speaker, with regard to the comments "coming out of Ottawa", I'm not exactly sure which particular comments the hon. leader is referring to. They may be the comments of Mr. Douglas, they may be others. I'm not sure exactly what he means with regard to "Ottawa" comments. I think at the moment it's a matter of telephone conversation, but that could change hourly and there might be a meeting.

DR. BUCK: Mr. Speaker, a supplementary question. Can the Premier or the Minister of Energy and Natural Resources indicate when the last communication was with either the Prime Minister or the minister responsible for energy in the federal cabinet?

MR. LOUGHEED: Mr. Speaker, about eight minutes ago.

Driver's Licence Photos

MR. TAYLOR: My question is to the hon. [not recorded]. Is the government giving any consideration to issuing operators' licences [not recorded].

DR. HORNER: [Not recorded] I didn't hear the hon. member.

MR. TAYLOR: My question is: is the government giving any consideration to permitting drivers' licences to be issued without a photo for those whose religion forbids them to have their picture taken?

DR. HORNER: As far as I'm aware, no, Mr. Speaker. The question more properly should be addressed to the Solicitor General, who is in charge of motor vehicles.

MR. FARRAN: Mr. Speaker, no. An allegation was made by one of the Hutterite brethren in a court in Lethbridge that permission had been given for him to have a driving licence without a picture. This information was incorrect.

Hospitals Labor Dispute

MR. NOTLEY: Mr. Speaker, I'd like to direct this question to the hon. Minister of Labour and ask him, in light of the back-to-work order by the CSA, whether negotiations are now taking place between the boards of provincially-administered hospitals and the CSA concerning wage negotiations.

MR. CRAWFORD: Mr. Speaker, so far as I know, negotiations haven't recommenced yet. Discussions are taking place which I hope will lead to an early resumption of discussions.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. Have officials of your department been given any indication by either party, in particular the hospital boards, as to when, in fact, negotiations will resume? Has any discussion taken place as to the date of resumption of negotiations?

MR. CRAWFORD: Mr. Speaker, my impression is that at the present time there is no critical nature or character to the question of the time of resuming discussions between the parties. The impression is that both parties are quite willing to resume, virtually as soon as satisfactory meeting arrangements can be made.

MR. NOTLEY: Mr. Speaker, a further supplementary question to the Minister of Hospitals and Medical Care. Could the minister advise, in light of the back-to-work order and the court case this morning, whether the government has advised the University of Alberta board not to pursue contempt of court charges outstanding against CSA officials?

MR. MINIELY: Mr. Speaker, that is the decision of the hospital boards. I have not interfered in any way with their decision as to what action they may take.

MR. NOTLEY: Mr. Speaker, a further supplementary question for clarification. Have there been any discussions with any officials of the hospitals on this particular matter?

MR. MINIELY: Mr. Speaker, during the course of my relationship with many of the chairmen of the hospital boards, between my office as the Minister of Hospitals and Medical Care and individual hospitals, certainly they advise me of a variety of things, their particular problems, and what they intend to do at a particular time. Of course, this continuing relationship exists during the time they are experiencing any particular difficulties with their employees.

MR. NOTLEY: Mr. Speaker, a further supplementary question for clarification. Did any discussion take place between the minister and officials of any of the hospitals asking the University Hospital -- at this point in time, the only relevant case -- to drop the contempt of court charges against CSA officials?

MR. MINIELY: Mr. Speaker, both the Foothills Hospital board and administration and the University Hospital board and administration advised me of their intended action with respect to the illegal walkout. Basically, as minister, I sit in the position of being advised by the boards of their intended action. The answer to the hon. member's question is that, having been advised of their action, I don't influence or interfere with it.

MR. NOTLEY: Mr. Speaker, further supplementary question. Is the minister aware the Foothills board has suspended employees for two days? Is the government in agreement with that kind of procedure?

MR. MINIELY: Mr. Speaker, the Foothills board, in discussion with me at the time, told me they intended doing so. They also indicated to me the reason was that a large proportion of their employees did not agree with the illegal walkout and were reporting to work. They felt -- this is repeating the information they gave me -- it would be unfair to those employees who did not [participate] in the illegal walkout, if they did not take action against those who did.

MR. NOTLEY: Mr. Speaker, a further supplementary question. In the interest of labor peace, does the minister not feel it is dangerous and provocative to undertake this kind of action?

SOME HON. MEMBERS: Order, order.

MR. MINIELY: Mr. Speaker, again I have to say that the board advised me they intended doing this. I felt I should be advised of what they were doing so I would know, but I indicated to them I had no intention of interfering with their internal management decision-making process.

Gas Co-op Transmission Lines

MR. R. SPEAKER: Mr. Speaker, my question to the Minister of Utilities and Telephones is with regard to rural gas co-ops. Will Alberta Gas Trunk Line be involved in constructing and/or operating transmission lines in the rural gas co-ops?

DR. WARRACK: Mr. Speaker, as the member knows, we are working on a project to try to involve that area. I might point out at the same time that AGTL is operating the meter stations presently involved. One approach suggested and discussed with the Federation of Alberta Gas Co-ops is handling these basic supply high pressure transmission lines on a

large total project basis in order to move them forward more quickly and to have the necessary assurance of safety standards and uniformity in the process.

MR. R. SPEAKER: Mr. Speaker, a supplementary to the minister. Has a final policy decision been made with regard to this for rural gas co-ops, and will the rural gas co-ops be notified of a change in policy in a short time?

DR. WARRACK: As a matter of fact, Mr. Speaker, that matter was discussed with the federation of co-ops at a meeting two weeks ago today, as a way to have their input and suggestions and, in fact, to secure their basic agreement to the principle involved.

The question of substance is not before us. This will go forward on a one-year construction program basis, at which time we'll evaluate it. However, some of the details and actual application to a particular co-op, for instance, need to be worked out. We're in the process of doing that as rapidly as we can.

MR. R. SPEAKER: Mr. Speaker, a further supplementary to the minister. While the agreement between AGTL and the department is being resolved, what steps should the local co-ops take? Should they hold their present construction activity and wait for further directives?

DR. WARRACK: No, they should not hold up their activity. In instances where an individual co-operative situation would interface with this particular assistance in the rural gas co-op program, they ought to discuss these matters with the people responsible for that area in the Department of Utilities and Telephones. A number of rural gas co-ops are doing just that.

MR. R. SPEAKER: Mr. Speaker, a supplementary to the minister. In some instances, contracts have been signed between the co-ops and contractors with regard to transmission or delivery lines within the system. What type of contingency plan has the minister established to look after those kinds of situations?

DR. WARRACK: Those situations do exist, of course. I think I made note of that in my earlier remarks, including the time we discussed Bill 18, The Department of Telephones and Utilities Amendment Act, which involved the reorganization of the department in the Department of Utilities and Telephones.

These matters need to go forward. We are taking as flexible and effective an approach as possible in order to have these programs, where some of the front-end design work has already been done, go forward, but to integrate with the provision of this basic gas supply in the matter I described.

MR. R. SPEAKER: Mr. Speaker, a supplementary to the minister. In the agreement with AGTL, what role will the local co-op play in directing or contracting in the constructing or operating of the particular transmission lines?

DR. WARRACK: There are two parts of that, Mr. Speaker, which are not matters of technical development. The first point is that the lines will, in fact, be owned by the co-op even though they will be built and paid for by the provincial government under the program that has been established. As a matter of fact, this was one of the matters for discussion with the Federation of Alberta Gas Co-ops, and we reached an understanding on that matter.

In addition, there is the need -- and this will be provided for, Mr. Speaker -- for emergency access to the facilities in the event that anything should go wrong. Those provisions will be made as well.

As to the technical considerations involved in the engineering and construction of the distribution system as distinct from the main line transmission system -- to have them interface in a safe and effective way -- those are the sorts of things that people responsible for the technical areas are presently working on, including some of the individual co-ops such as the one the hon. member is thinking of.

MR. SPEAKER: Might this be the last supplementary on this topic.

MR. R. SPEAKER: Supplementary to the minister, as a matter of clarification. The minister is indicating to the House that under contract with AGTL, the Department of Utilities and Telephones will pay 100 per cent of construction costs and then follow up operational costs? Is that what the minister is saying?

DR. WARRACK: In terms of a major substance of what is involved in it. But I'm also not going to be in a position of saying that all non-plastic pipe, for example -- because I have to explain steel and aluminum are used with different sizes and different pressure amounts. There isn't a gray area in this. It is very clear that under the normal programming there will be financial support for distribution purposes, but not 100 per cent. At the same time, the basic supply of gas to these areas, where this is required by high-pressure transmission line pipeline, will be handled by the provincial government under the arrangement I described. Transmission situations that are large in volume but internal to an area are a gray area which needs to be worked out on a basis of working out the portion that can legitimately be described as basic supply transmission and, on the other hand, the part that is distribution.

MR. CLARK: Mr. Speaker, I wonder if I could ask one further supplementary question of the minister. In light . . .

MR. SPEAKER: We've spent a great deal of time on the topic. Perhaps [not recorded]

Bus Transportation

MR. LITTLE: I would address this question to the hon. Minister of Transportation. May I be permitted a brief preamble?

HON. MEMBERS: Agreed.

MR. LITTLE: Thank you. As the citizens of Alberta are becoming more and more dependent on bus travel due to decreasing rail passenger service and many are unable to afford air service, and as bus depots are frequently in a rather deplorable condition, not infrequently the hangout for undesirables, could the minister inform the House if there is legislation to inform standards of quality for the bus depots?

DR. HORNER: Mr. Speaker, I believe the matter of the bus depot itself would come under the purview of the municipal authorities.

The question of overall bus transportation in the province is certainly handled by our department. At the moment we're in the process of evaluating whether changes should be made in the general policy of bus transportation. It then expands into the question of rail line abandonment and the ability of having passenger services in relation to accessibility of bus transportation throughout the province.

Fort Saskatchewan Correctional Institute

DR. BUCK: Mr. Speaker, I would like to address this question to the Solicitor General. In light of the threatened strike by correctional officers at the Fort Saskatchewan Correctional Institute, has the Solicitor General been in contact with the warden?

MR. FARRAN: No, Mr. Speaker, I know of no threatened job action by correctional officers. I have not been in touch with the warden, although at all times, of course, we do keep in place and look at contingency plans in the event of any eventuality.

DR. BUCK: Mr. Speaker, can the minister indicate to the Legislature what the contingency plan is?

MR. FARRAN: Mr. Speaker, no, I don't think it would be in the public interest at this time to disclose exactly what one would do in the event of an emergency of this nature.

DR. BUCK: Mr. Speaker, did the minister say there is a plan?

MR. FARRAN: Yes, of course there is a plan. We always keep our powder dry, Mr. Speaker.

DR. BUCK: Mr. Speaker, can the minister indicate when he last had communication with the warden at the Fort Saskatchewan institution re labor unrest?

MR. FARRAN: I have not had any communication with the warden or director of the correctional institution at Fort Saskatchewan for more than two months, and never on the subject of labor unrest.

Assured Income Plan

MR. GOGO: Mr. Speaker, a question to the hon. Minister of Social Services. In lieu of the bill passed yesterday in Ottawa regarding the spouses of senior citizens between the ages of 60 and 64 who now qualify for the equivalent of the old age pension and supplement, would the minister confirm that the assured income plan for Alberta people meeting those criteria would now qualify for that?

MISS HUNLEY: Mr. Speaker, I'm not sure I clearly understood the question. If he wants me to confirm something, I'll confirm this. I'll confirm the fact that we will be reviewing the federal legislation, because there are some ramifications to it we do not clearly understand as far as finances go. I understand the federal bill calls for an income test. That income test will reveal to us how many people might be involved and, as a result, how many dollars would be involved.

Officials of my department have been asked to review the legislation and to give me a report. I will be considering it after I have received it.

AHC Land Sales -- Fort McMurray

MR. MANDEVILLE: Mr. Speaker, my question is to the hon. Minister for Housing. Could the minister indicate to the House whether the Alberta Housing Corporation realizes a profit on the sale of land to developers?

MR. YURKO: Mr. Speaker, Alberta Housing Corporation is acting as an overall developer in Fort McMurray. In the case of a transfer of land there from the government to Alberta Housing to the eventual home-owner, land is basically transferred at cost, plus the expense of getting it to the eventual home-owner.

In regard to land banking, this is done for a number of constituencies at an interest rate which I don't have at my fingertips right now, but I will find out.

MR. MANDEVILLE: Supplementary, Mr. Speaker. Is this the practice of Alberta Housing Corporation, or are there regulations which govern the sale of land?

MR. YURKO: In regard to Fort McMurray, Mr. Speaker, Alberta Housing Corporation functions in accordance with the policy established by the provincial government. It indicates that land [be] sold to Alberta Housing Corporation at a certain cost -- I think it is \$569 an acre -- and that land be therefore transferred to the eventual home-owner on the basis of the money paid to the Alberta government, plus expenses in accordance with that transfer.

DR. BUCK: Mr. Speaker, supplementary question. Can the minister indicate to the House what monitoring procedures the government has that the price of the land is passed on at cost to the person who buys a serviced lot?

MR. YURKO: Mr. Speaker, in Fort McMurray the Alberta Housing Corporation is the overall developer. As a result, it has control over virtually all transactions which go on.

DR. BUCK: Mr. Speaker, in light of the fact that lots have gone from \$9,000 to \$18,000, is the minister saying that their monitoring is such there cannot be any increased cost of the land added on to the price of the serviced lot?

MR. YURKO: Mr. Speaker, the reason the lots have gone from \$7,500 to approximately \$9,000, which were the costs a little over a year ago, to the present costs of \$18,000 to \$21,000 in Fort McMurray, is not due to land costs. It is due to the costs of off-sites and on-sites which have escalated very dramatically.

Hospitals Labor Dispute

MR. KUSHNER: Mr. Speaker, I would like to direct this question, which refers to the Foothills Hospital as well as the University Hospital, to the Minister of Hospitals and Medical Care. In regard to the CSA, which appeared in court this morning, is he in a position to advise the House what the fines were to the leaders of the association?

MR. SPEAKER: With great respect to the hon. member, that would appear to be more of a news item, something involving the courts and not involving the ministerial responsibility of the minister in question.

Gas Co-op Transmission Lines (continued)

MR. CLARK: Mr. Speaker, I would like to direct a question to the Minister of Utilities and Telephones and ask if it is now government policy that Alberta Gas Trunk Line will construct main transmission lines for rural gas co-ops. Is that now an established government policy?

DR. WARRACK: Mr. Speaker, as I mentioned in my earlier remarks, there is the very real problem of not having the gas distribution programs held up due to a lack of basic gas supply. Oftentimes this involves a high-pressure transmission line as the most practical way to supply natural gas to rural areas, which are now in a position to have for the first time an opportunity to get natural gas through the areas of rural Alberta.

We have undertaken to approach this with a more expeditious and complete approach to the number of major projects that would be involved for this construction year, and to evaluate after one year's experience, including comments and remarks from the members of the Legislature, whether that approach ought to be continued to get this assured natural gas supply into the rural areas which presently have difficulty.

MR. CLARK: Mr. Speaker, a supplementary question to the minister. In light of the answer, could I rephrase the question this way. For the course of the next year, then, is it the policy of the government, or approved by the cabinet, that Alberta Gas Trunk Line will

construct main transmission lines for gas co-operatives in this province? Is that the approved policy of the government?

MR. WARRACK: That's the approach, Mr. Speaker, aside from the instances brought up by the hon. member on the other side relating to work that had already been undertaken and accomplished towards the provision of these pipeline facilities, in which case that work will be integrated with the work that would go forward by AGTL. But taking a new situation, for example, where substantial work has not already been done, the situation as the hon. member described -- that is to say, the high-pressure basic supply natural gas lines would be constructed and put into place by AGTL under an arrangement with the provincial government.

Farm Fuel Rebate Plan

MR. NOTLEY: Mr. Speaker, I'd like to direct this question to the hon. Deputy Premier and chairman of the Rural Affairs Committee of cabinet. Has the hon. Deputy Premier held discussions with any members of any farm organizations concerning the question of making the farm fuel rebate consistent or dependent on producing a bona fide membership in a recognized farm organization?

MR. HORNER: No, Mr. Speaker.

MR. NOTLEY: Mr. Speaker, has any representation been made to the Alberta government, again by either of the two major organizations, but more specifically by Unifarm, concerning this?

MR. HORNER: Mr. Speaker, some time ago. The ongoing problem, of course, in farm matters is the definition of a farmer. A year ago I challenged Unifarm to come up with a suitable definition. I suppose one could extend the application of that definition to the question of who would be eligible for the transportation allowance on farm fuels.

MR. NOTLEY: Mr. Speaker, a further supplementary question. I think perhaps, by the minister's answer, he misunderstood my initial question. My initial question was not how you define a farmer. It was: are you going to make the farmer . . .

MR. SPEAKER: Would the hon. member use the ordinary parliamentary form.

MR. NOTLEY: Is the government prepared to consider making the farm fuel rebate contingent on the applicant producing a bona fide membership in a recognized farm organization?
[interjections]

MR. HORNER: Mr. Speaker, I understood his question, and I answered, no, in the first instance.

Bilingualism -- Alberta Position

MR. F. SPEAKER: Mr. Speaker, my question is to the Premier. In light of the emphasis by the federal government on French communications in the province and Alberta having one full-time radio station and one full-time TV station, is it the intention of the Premier's office to issue press releases in both French and English?

MR. LOUGHEED: Mr. Speaker, it is not.

MR. R. SPEAKER: Mr. Speaker, supplementary to the Premier. Is the government's policy with regard to bilingualism, one of multiculturalism in Alberta?

MR. LOUGHEED: Mr. Speaker, I think we've dealt with that matter in this House on a number of occasions. I think the general policy of the Province of Alberta, insofar as the people of Alberta are concerned and not involving matters of federal jurisdiction or matters arising out of the constitution, is an acceptance of the strength of the Province of Alberta [from] the basic multicultural nature of our society. Certainly, the many moves we've made under the leadership of Horst Schmid, and with other ministers, in attempting to develop this heritage culture in the province have been very well received in our view. We intend to continue with it. There are times when we will have to co-operate with the federal government, and will do so, in terms of their approaches relative to the constitutional responsibilities which arise out of both French and English.

AADAC Operations

DR. BUCK: Mr. Speaker, I'd like to address my question to the hon. minister, Miss Hunley. I'd like to know if the position of chairman of AADAC, alcohol and drug -- whatever the commission is -- AADAC. I think we all know what we're talking about.

[interjections]

Okay, I'll give you the whole load then. I'd like to know, Mr. Speaker, if the chairmanship of the Alberta Alcoholism and Drug Abuse Commission is officially vacant, or is someone still acting as chairman of that commission?

MISS HUNLEY: Mr. Speaker, the chairman of the Alcoholism and Drug Abuse Commission, Mr. Anthony, is still here. We also have a vice-chairman of the commission, who will act in his absence. I am presently reviewing applications and hope to be able to fill the vacancy, and thus remove any doubt in anyone's mind about who will be acting as chairman of the Alcoholism and Drug Abuse Commission.

DR. BUCK: Mr. Speaker, to the hon. minister. Was the decision to get rid of the research and evaluation division of the commission made under Chairman Anthony's purview?

MISS HUNLEY: To the best of my knowledge, Mr. Speaker, the chairman of the Alcoholism and Drug Abuse Commission was present at the meeting where that decision was made. I have not checked the minutes to find out for sure, but I believe he was there. As such, he would have some input, without a doubt, into the way the decision was reached. Although I have not attended commission meetings, I feel sure full and adequate discussion of these affairs does take place.

DR. BUCK: Further supplementary, Mr. Speaker. Can the hon. minister advise the current status of the impaired drivers' rehabilitation program under AADAC? Is that still in effect?

MISS HUNLEY: Yes it is, Mr. Speaker. I can't from my memory recall the budget implications for it, but I think there's been an increase in its budget area allotment this year. We believe in that program. We think it's important and, if anything, we'll be expanding it.

Athabasca Realty

MR. NOTLEY: Mr. Speaker, I'd like to direct this question to either the hon. Minister of Housing and Public Works or the hon. Minister of Municipal Affairs. I'd like the indulgence of the House for just a word of explanation. Two days ago, when the Northeastern Alberta Commissioner spoke to the subcommittee, the question was raised about Athabasca Realty being able to buy back homes at the initial price up to a period of 10 years.

My question to either minister is: in light of the Sun Oil board meeting on this question, is either minister in a position to report to the Assembly today as to whether there will be a change in housing policy on the part of the realty company concerned?

MR. YURKO: Mr. Speaker, I have not been advised as to whether there is going to be a change in regard to Athabasca Realty's housing policy. I know they have the matter under active consideration with respect to new housing that will come on the market by Athabasca Realty, but I don't have any information as to whether they have, in fact, changed their policy.

MR. NOTLEY: Mr. Speaker, a further supplementary question to the hon. minister. Has anyone from the Department of Housing and Public Works contacted Athabasca Realty or Sun Oil about this particular housing policy?

MR. YURKO: Mr. Speaker, about two weeks ago I had a long and in-depth discussion on a number of matters with the president of Athabasca Realty in my office. We touched upon that matter, and he did indicate there was consideration for some change in that area. But I haven't been advised as to what, in fact, the change may be or when it will be made.

ORDERS OF THE DAY

WRITTEN QUESTIONS

172. Mr. Taylor asked the government the following question:

1. How many abortions did medicare pay for in 1974?
2. What was the total amount of money paid by medicare for abortions in 1974?
3. How many of the women aborted were:
 - (a) under 16 years of age,
 - (b) over 16 and under 18,
 - (c) over 18 and under 25,
 - (d) over 25 years and under 35,
 - (e) over 35 years of age?

MR. MINIELY: We accept the question, Mr. Speaker.

182. Mr. Notley asked the government the following question:

1. What is the annual salary paid to each of the current members of the board of directors of the Alberta government owned Pacific Western Airlines for his services as a director of the airline?
2. What is the annual salary paid to the president/chief executive officer of Pacific Western Airlines?

DR. HORNER: Mr. Speaker, in regard to Question 182, I would like to move the following amendment: after the word "annual" we insert the word "aggregate" and delete the words "each of" so that the question would read:

1. What are the annual aggregate salaries paid to the current members of the board of directors of the Alberta government owned Pacific Western Airlines for their services as directors of the airline?

In relation to the second part of the question, I would like to move the following amendment: that paragraph 2 be amended by substituting the following:

2. What are the aggregate salaries paid to the senior executive officers of Pacific Western Airlines?

[The amendment was carried.]

DR. HORNER: Mr. Speaker, in that case I'll table the annual report of Pacific Western Airlines, which has the necessary information therein.

MOTIONS FOR RETURNS

176. Mr. Notley proposed the following motion to the Assembly:

That an order of the Assembly do issue for a return showing:
A copy of all written information, including consultants' reports or part thereof, dealing with construction cost estimates for the utility plant at the Syncrude Mildred Lake project.

MR. GFTTY: Mr. Speaker, again I'd like to request the House to hold this motion for a return until Tuesday of next week. The purpose, really, for the double request for delay is to determine whether we can supply a part of the consultant's report without breaching the confidentiality agreement which we have entered. If we can establish that over the next few days, we may be able to deal with this on Tuesday.

MR. SPEAKER: I take it then that the Assembly agrees that discussion of 176 will be adjourned until next Tuesday.

HON. MEMBERS: Agreed.

183. Mr. Notley proposed the following motion to the Assembly:

That an order of the Assembly do issue for a return showing:

1. A list of all persons whom the government expects to be travelling with the Alberta government mission to visit Europe this fall between September 29 and October 13 including without limiting the generality of the foregoing, all cabinet members, their assistants, public servants, representatives of other segments of Alberta life and any of their spouses, showing in each case the capacity in which they will be attending.

2. An itemized account of the total estimated cost of the above mission to the Government of Alberta.

[The motion was carried.]

MOTIONS OTHER THAN GOVERNMENT MOTIONS

1. Mr. Clark proposed the following motion to the Assembly:
Be it resolved that the Legislative Assembly urge the Government of Alberta to prohibit all forms of development in the eastern slopes which are not for the purposes of reclamation or reforestation until such time as a comprehensive land use policy for the eastern slopes has been presented to and approved by the Legislative Assembly; the eastern slopes being that area so defined in the report tabled in the Assembly entitled Report and Recommendations of the Environment Conservation Authority on the Public Hearings into Land Use and Resource Development in the Eastern Slopes.

MR. CLARK: Mr. Speaker, in rising to have this motion made Motion No. 1 today, at the outset I would want to say to members of the Assembly my sincere thanks for letting me give oral notice for this motion last Friday.

The motion, Mr. Speaker, really deals with the question of development in the eastern slopes between this period of time and when the government comes forth with a complete policy as far as the eastern slopes are concerned. I'd like to read really the operational portion of the motion:

Be it resolved that the Legislative Assembly urge the Government of Alberta to prohibit all forms of development in the eastern slopes which are not for the purposes of reclamation or reforestation until such time as a comprehensive land use policy for the eastern slopes has been presented to and approved by the Legislative Assembly . . .

Mr. Speaker, when we talk in terms of the eastern slopes for the purpose of this motion, we mean the area that was looked at by the Environment Conservation Authority when it held its very extensive hearings two years ago.

As I indicated earlier, the real purpose of this resolution is to bring before the Assembly at this particular time the question of what kind of development we are going to have in the eastern slopes. In fact, more important than what kind of development we are going to have, let's have no development until we have a land-use policy approved by this Assembly.

Let me say at the outset, Mr. Speaker, that it would be my hope, if the government would see its way clear to come back to the Assembly in the fall with a well-developed land-use policy that could be discussed by the members of the Assembly -- this rather on again, off again moratorium we've had on development would be able to be removed once and for all.

I have chosen this opportunity to raise this matter because, from the comments we've received in question period, it's rather clear that between now and the next few months the government is going to have to make a number of serious decisions with regard to the future of the eastern slopes. I think it's important for all members, whether they are on the government or the opposition side of the Assembly, to recognize in fact very clearly what we're going to be dealing with in the course of making these kinds of decisions. It really isn't new information to any member to hear someone say, or hear myself say, that it's the eastern slopes, and the rivers which start in that area that really flow eastward and provide the water for the great central plains as far as western Canada is concerned. This water which starts in the eastern slopes is so vital to the population, industry, and really all human activities as far as not only Alberta, but certainly many areas of Saskatchewan are concerned.

The concept of protection of this area has been well recognized in this province for years. The Eastern Rockies Forest Conservation Board, which is really a joint federal-provincial venture, was in place for a number of years. I think all members can point to some things which may well have been done differently during that period of time. But in many regards, the old eastern slopes board did a reasonably good job of protecting our heritage for the future.

Even now, when we look at the eastern slopes themselves, there is a rather modest permanent population in the area or adjacent to the area. That population is there because of the emphasis on agriculture which runs right up against the eastern slopes. A few population centres are in the slopes themselves, and to a very great degree, unfortunately, those have really been boom-bust kinds of areas, basically centred around coal development to this date.

In addition to the tremendous importance of water management that the eastern slopes play in the development of Alberta, we also have the tremendous potential as far as recreation and tourism are concerned.

I'm sure hon. members are aware that the old Department of Lands and Forests received something like 400 submissions for kinds of tourism and commercial developments in the eastern slopes in the past short while. I'm sure all hon. members who are members of the

hunting fraternity have been into the eastern slopes and have had that very gratifying experience of being successful in a hunting expedition there.

Then in the past number of years, we've had extensive oil and gas development in the area. Many people have been critical of the oil and gas development there during that period of time, and with a considerable amount of justification. I think it's fair to say that the technique have improved greatly in recent years, and some of the credit has to go to a co-ordination of responsibility as far as policing is concerned. Certainly that has improved during the last while.

With that kind of background, I'd like to remind the hon. members of the Assembly that it was in 1971 that the hon. Mr. Yurko asked the Environment Conservation Authority initially to look at the Crowsnest Pass in the Canmore corridor area. Following that, the Premier asked the Environment Conservation Authority to look at that area associated with the David Thompson Highway. Subsequently, or shortly after that, the Environment Conservation Authority was asked to look at the whole question of future development as far as the eastern slopes were concerned. In fact, I think the more exact terms would be that they were instructed "to hold wide-ranging and comprehensive public hearings [with regard to] all aspects of land use and resource development in the Eastern Slopes of the province".

I commended the government at that time for that approach, and I commend them again. It's perhaps one of the few times I have commended the government. Shortly after, I found myself being very severely criticized by some of the conservation groups in the province, because it wasn't long after that we found there really wasn't the kind of moratorium many people thought there was. Nevertheless, I commend the government for its move at that particular time.

One would have to give very great credit to the Environment Conservation Authority for the kind of work it did in holding these hearings across the province. First of all, in commenting on the hearings themselves, I want to encourage all hon. members to look carefully at the recommendations dated September 1974. The Authority, perhaps, did the best job that has, I would go so far to say, ever been done in the province as far as getting information out to the people, holding public hearings, then hopefully reflecting the views of people who took part in those particular hearings.

I think the Authority prepared over a dozen information bulletins. There were more than 50 information centres set up across the province, primarily in the areas more familiar with the eastern slopes. Over 50,000 volumes were distributed to people across the province. I'm told that there were over 800 written briefs presented to the Authority in the course of its hearings. Those hearings started in the south, in the Lethbridge-Coleman area, and were held all the way up north, I believe ending in the Grande Prairie area. In addition to the 800 briefs presented to the Authority, something like 2,500 participants took part orally in the hearings in various places across the province.

Perhaps it's an appropriate place to say that in the course of the government making its announcement that these hearings would go forward, I think many people felt the government had given a commitment that no further development would be approved in the eastern slopes during that period of time. Hon. members and the public will recall that people were somewhat shocked when they found out that, in fact, there were extensions to leases, and there were areas not formerly under lease that were added to existing leases.

Just to crystallize or pinpoint that a bit more, a letter went out from the Premier's office on July 11, 1974, which said:

I wish to assure you that no government approval has been given for coal exploration within this area, [this area meaning the Willmore Wilderness Park] or for that matter, on the eastern slopes of the Rocky Mountains in general. Studies on land use and development of the eastern slopes are being done by the Alberta Environment Conservation Authority and no further development will be undertaken in this area until the recommendations of the Authority have been studied.

About six weeks later, Mr. Speaker, the Premier had to write to the same person and, in a bit longer letter, point out to this person and to many other people across the province that, in fact, there hadn't been the moratorium that had been indicated, that in fact exploratory permits are being granted under certain stringent conditions as extensions of existing and ongoing operations. When hon. members take the time to look at those extensions they'll find out there were quite sizable extensions to the existing leases available at that particular time.

The point I would like to make to the hon. members is that the Authority held these hearings across the province. More than 800 people made written submissions; more than 2,500 people participated orally in the course of the discussions. In September 1974, the Authority made its final report to the government. I don't plan to read a great deal from the report, but to summarize the spirit of the report, I might perhaps be permitted to quote from page 10:

In almost all cases there was a noticeable trend towards an understanding of conflicting views, the development of a friendly attitude to opposing views and [to] emergence of a disposition to seek mutually satisfactory solutions to the problems of the Eastern Slopes. This was done, however, within the general umbrella of [a] feeling that pervaded the hearings: that these beautiful foothill and mountain areas are held in great affection by all Albertans, and that a first priority should be given to protecting the integrity of the Eastern Slopes themselves.

I think that fairly accurately reflects the recommendations of the Environment Conservation Authority. Hon. members may choose to look at the summary. They will find

there were basically three propositions put forward by the Authority to the government at that particular time.

The real point that I think has to be made, Mr. Speaker, is simply this: the government has had the report for going on 10 months. There have been persistent rumors of impending coal development in various portions of the eastern slopes. From time to time people talk about recreational developments that are going to take place in that particular area.

We raise this matter here today in light of the fact also, that in the Speech from the Throne, which I think came down on January 23, 1975, there was reference to two parks -- four new provincial parks -- but especially, two parks in the eastern slopes. I'm not against those two parks in the eastern slopes, but I think all of us, regardless of where we sit in the Assembly, must guard against approving these two parks in the eastern slopes at this time; approving something else a few months down the road, and approving something else a little longer down the road.

The commitment was given that there would be a moratorium until the report was in. The report is now in. We all recognize the government is receiving a great deal of pressure from various groups to get on with projects, especially resource development projects, but also some recreational projects. It's very, very important, in our judgment, that no approvals be given until such time as we have this overall policy. Very frankly, I would say I'm not in favor of those two provincial parks going forward either, until we have this overall policy. Because I can see some people very naively saying, well, we have set two areas aside for parks so now we can approve coal development in this area, this area, and this area. Then someone else will come along and say, we'd like some recreational development in this area and this area. It just goes on, and on, and on.

The proposition we are really putting forward today to the government is to say, look, let's hold everything, let's give close number one priority to the development of this land-use policy for the eastern slopes. Let's have it in here by the fall session so we can look at it very seriously and very critically during that period of time.

I want to pay credit to the former Minister of the Environment when he indicated to Albertans -- I think it was back in February or March of this year -- that he felt they would be satisfied with the progress being made this year. I hope that's the case. I'd also have to give credit to the present Minister of Environment for the strong position he took in the House the other night, when he implied there would be very, very stringent guidelines -- when there would be any resource development in the eastern slopes.

The point is, the guidelines are no good unless, first of all, we take the time to step back and decide where we are going from the standpoint of the overall development of the area. Mr. Speaker, our recommendations on this particular matter are really six.

First of all, the one I've made several times today, that there be a commitment to no development until there is an overall policy. We feel this discussion should take place before the Legislature in the fall. If we go this route, everyone knows where they stand between now and the fall. Secondly, it's going to take a great deal of pressure off various cabinet ministers who between now and that particular time are going to feel the pressure from various groups.

Our second recommendation is that there is a need for overall zoning as far as the eastern slopes are concerned. If one looks at the report of the Environment Conservation Authority, it is easy to see there now is sufficient information available so zoning could be done in the eastern slopes on a multi-use basis. That's going to mean that some areas are going to have to be zoned for no resource development at all. It's also going to mean, quite frankly -- and some will not be very enthused about this -- that there are areas in the eastern slopes where, in fact, there can be resource development under the kind of stringent regulations which the Minister of Environment talked about. We strongly support an overall zoning approach to the area.

Thirdly, I think it has to be said most emphatically that there are some areas in the eastern slopes which simply are too valuable for either mining or any other kind of development.

Fourthly, it seems to me we should be establishing some sort of eastern slopes group -- for lack of a better term, I guess we can call it an eastern slopes board -- which very obviously should have, in addition to representation from the government, representation from the Fish & Game Association, the resource-based industries, the tourist industry and, hopefully, one or two citizens at large who would reflect, I think, the high regard Albertans hold for this particular part of their heritage.

This eastern slopes board, for lack of a better term, would then have the responsibility for the overall planning and monitoring of what is going on in the eastern slopes. I am not suggesting this board should have a large number of employees. It shouldn't be involved in doing the policing. There are all sorts of government agencies -- the fish and wildlife people, the Energy Resources Conservation Board, just to mention two -- which can be involved in seeing that, in fact, the terms and conditions which are set out are carried out.

The fifth recommendation we make is that a very senior official of the Department -- most preferably the minister but, if not the minister, a senior official of the department or perhaps the chairman of the Environment Conservation Authority -- go to Europe on the government junket this summer. One of the purposes of the junket, in fact, is to look at reclamation procedures in some areas in Europe. For the life of me I can't understand why there is no commitment from someone from the Department of Environment or the Authority to be going over to Europe when, in fact, we are going to be looking at reclamation procedures. So those are really the five recommendations we want to put forward.

There's one other matter I'd like to discuss rather briefly. It's a matter which I know has been of great concern to a large number of people. That's the report by the Energy Resources Conservation Board, which the Minister of Energy and Natural Resources so properly made public not long ago. I think this report brings out into public what many people thought was the situation behind the scenes anyway. That is that there is, in fact, some sort of power struggle between the Energy Resources Conservation Board and the Environment Conservation Authority. Now there's no question, one must recognize that the Energy Resources Conservation Board has been around for something like 30 years. In fairness to Dr. Govier and the people on the board, they have made a remarkable contribution to this province. They have, I think, done a good job of conservation in the areas of oil and gas development in this province.

But if hon. members will take the time to talk to some of the people on the Energy Resources Conservation Board, they will admit they don't see their mandate for conservation running very much further than in the areas of oil and gas. I think members of the Assembly should keep that point in mind very, very seriously. The mandate, as far as conservation is concerned, for the Energy Resources Conservation Board is primarily in the area of oil and gas conservation. That's where they have their expertise. It's likely some of the best expertise you'll find anywhere in the world. Nevertheless, let's not just assume because we have the word "conservation" in the title that, the Energy Resources Conservation Board has, one, the mandate; secondly, the people available; or thirdly, perhaps even the inclination, to be the conservational or environmental guardian of the eastern slopes. That would be a very, very unwise assumption, an assumption that wouldn't stand the eastern slopes in good stead at all.

It should be pointed out that the Energy Resources Conservation Board and the Environment Conservation Authority really agree on the large bulk of recommendations, but there are areas where they don't agree. In fact, to be quite frank, when I read the report from the Energy Resources Conservation Board, I almost get the impression that they felt the Authority should not have touched on some of the areas they touched on. I would have to remind members of the Assembly that this government gave the Environment Conservation Authority a very wide mandate in looking at this particular matter.

I raise the question of the Energy Resources Conservation Board because I think it's appropriate that we recognize, first of all, they have come forward with this statement. Once again, I commend the minister for making it public. That's a nice twist from some of the things we've seen in the Legislature since that particular period of time.

I am convinced that if the government, through the Minister of Environment, is prepared to take the leadership, the future of the eastern slopes can be protected for generations to follow. There must be areas there where, in fact, there will be no development. On the other hand, if we go to an overall zoning approach, we have the information available now. We can zone the eastern slopes in such a manner that generation upon generation will have the very splendid opportunity which those of us at this particular time have as far as the eastern slopes are concerned. But let this situation drift for another 10 months and we will; I'm sure, see more of a struggle between these two government agencies to want to get the upper hand on the other. We'll see the ridiculous situation of the taxpayer's money really not being spent in the manner I am sure was intended.

My last comment would simply be this, Mr. Speaker, for the reasons I have outlined: the kind of hearings the Authority went through, the kind of response Albertans gave to that Authority, is perhaps the best response any government agency ever received from people of the province who had been asked for their input. We have this report before us. Let's not talk ourselves into building a couple of parks right now for the environmentalists, approving a couple of coal operations for another group and a couple of recreational facilities for a third group, and say, well, for this year the score is 2-2-2, and we can be satisfied. Because for the long term of this province we may be batting 0-0-0.

That's really what has motivated us, on this side, to bring this resolution forward at this particular time, to urge the government to move on a land-use policy or a zoning policy, and to bring it back to the fall session. Then those people involved in mineral development, those people involved in tourist development and other kinds of commercial development, the environmentalists, and just people like myself who darned well appreciate the eastern slopes, will rest a great deal easier.

MR. NOTLEY: Mr. Speaker, I welcome the opportunity to take part in the debate on Resolution No. 1. I certainly agree, in principle, with the basic thrust of this resolution. As has already been mentioned, we held the hearings on the east slopes, conducted by the Environmental Conservation Authority. Many, many Albertans throughout the province took part in those hearings, briefs were presented, and last September we had what, in my judgment, was an excellent and, I believe, a balanced report on how we should proceed in developing the east slopes.

Mr. Speaker, it is always a matter of some concern that whenever reports are prepared, whether by a government agency such as the Environment Conservation Authority or for that matter a royal commission or a public hearing, there is an unfortunate tendency on the part of governments everywhere in Canada to take those reports, put them on the shelf, and to ignore them. The report is commissioned to get the heat off the government, and then, once prepared, after the public interest has died down a little bit, it is simply shuffled off to the side.

I hope, Mr. Speaker, that does not occur with the ECA report. It troubles me when I read the Energy Resources Conservation Board assessment of the ECA report. While, as the Member for Olds-Didsbury has indicated, there are areas where the two reports agree, nevertheless as I read the ERCB report, I see it in many respects as almost a rebuttal to the ECA report.

Well, Mr. Speaker, regardless how one views the ECA report, the fact of the matter is that the government has the final responsibility to come up with a clear-cut, understandable policy for developing the east slopes, one which everybody can know what the clear-cut guidelines are. I would hate to see a perpetuation of the play-it-by-ear approach when it comes to developing the east slopes.

Mr. Speaker, dealing very briefly with the ECA report which was released last fall, I certainly appreciate the three major recommendations of the report. I think throughout the report there's a strong emphasis on the need for planning, the recognition that there's a requirement to look at this in the larger sense, to integrate the various competing demands as opposed to simply playing-it-by-ear. In my judgment, the playing it by ear approach is just simply going to lead, in the east slopes, to developments which are totally inconsistent, at least with preserving the wildlife and natural beauty of the area as much as we can.

Mr. Speaker, the recommendations I cite: an integrated, closely managed land-use policy for the entire east slopes, with enforceable zoning restrictions. Again, the Leader of the Opposition mentioned this in his remarks. Reserving certain lands for perpetual watershed protection and limited access for recreational use. A preference for preserving renewable resources bases over the extraction of non-renewable resources and extreme caution in coal surface mining.

Mr. Speaker, I think the recommendation I'd like to quote from the ECA report on coal mining is also important.

Coal surface mining should be developed [cautiously] both by careful site selection and by limiting the number of sites that can be worked at any one time and the tonnage of coal or other material that can be extracted each year. And by keeping parts of the slopes free of coal mining altogether.

In no case should a surface mining operation be permitted unless the total benefits to the province can be shown to outweigh the total disbenefits. . . . In all cases . . . fully integrated and verified resource development, environment management, and surface reclamation programs should be followed.

Now, Mr. Speaker, I suppose some people would argue that that's a very extreme statement. But far from it. How can we argue that we should proceed with any development unless the total benefits to the province can be argued to outweigh the total liabilities.

Mr. Speaker, the only concern I would have with the ECA report of last year is that, while the recommendations are excellent in general, and the philosophy behind it, in my view, is also first-rate, its major weakness lies in the lack of recommendations respecting legislation to deal with the administration of the area. I think there's some strong argument, Mr. Speaker to set up a separate body, perhaps called the eastern slopes planning commission, to administer plans for the eastern slopes. Such a commission could have special status within the legislation such as The Environment Conservation Act or The Planning Act, and its composition would reflect the broad spectrum of people presently using the area.

Mr. Speaker, I think there is one additional point which has to be stressed in dealing with this issue. We have, as most of the members know, a dispute in the area west of Rocky Mountain House as a result of a land claim by the Stoney Indians. I would hate to see any kind of premature development proceeding there until such time as that land claim is fully settled. I know this matter was raised last year in the question period, and the Premier indicated the matter was going to court. We know how long court proceedings will take. But it was the Government of Alberta, as a matter of fact, which appealed that particular issue to a court of law. I think it would be breaking faith with the Stoney, Mr. Speaker, if there were any development in that particular region until this matter is fully resolved at a higher level, by the Supreme Court of Canada.

Mr. Speaker, in general, the resolution is calling for a commitment from the government as soon as possible for a clear-cut policy which will take into account the recommendations of the Environment Conservation Authority, and, I think, advise the people of Alberta as to where the government stands on this report, recommendation by recommendation. No one is arguing that there shouldn't be development in parts of the eastern slopes. Clearly that sort of argument would be ridiculous. There has to be some development. But again, the argument the Environment Conservation Authority is making is a very sound one: simply that the benefits -- we have to take a cost benefit analysis, and if the benefits don't outweigh the costs, then let's not get carried away.

Mr. Speaker, certainly there is room, and no one would deny there's room for expansion of the coal industry in this province within the strong overall policy, so people know what the guidelines are, what the rules are, so there is, in fact, a system of zoning so people know where they stand. I think there has to be a certain amount of development of that potential. No question about it.

Mr. Speaker, what we haven't got to date from the government is that overall policy. Again, with sadness, it's 10 months since the ECA report was completed and made public. Surely it's not too much to ask that by this fall we should have a position paper tabled in this House so we know what the government policy is, and we can debate it during the fall session. That would be a little over a year since the report was made public.

It seems to me, Mr. Speaker, that sort of thing is necessary and one which, as legislators, we should clearly demand. The resolution, in effect, is saying, let's not get involved in ad hocery, let's not find ourselves with a policy that grows like Topsy because we allowed a development here, or we've decided to balance off a park here against a coal development someplace else.

Because it says we need an overall policy first, Mr. Speaker, in my judgment, Resolution 1 is worth supporting, and I hope it receives the support of this Legislature.

MR. BFADLEY: Mr. Speaker, all members in this Assembly recognize the importance to the future of the province and the question of resource development and land use on the east slopes. None of us here wishes to see the east slopes devastated, as is suggested by some groups, which would be the result if restricted guidelines for use are not implemented. I'm not suggesting the hon. Leader of the Opposition is included in that group.

This government is meeting the challenge of a lack of policy on east slope land use and resource development which it inherited from the former administration. When the Eastern Rockies Forest Conservation Board authority lapsed, this province was left with a vacuum as to how to proceed. Even during the days of that board, Mr. Speaker, the former government permitted development on the east slopes, such as the cement plant at Exshaw, the pulp and paper mill at Hinton, the Alberta Resources Railway, the development of mining at Grande Cache, and Snowridge. I'm not saying all these were bad decisions, but they were made, Mr. Speaker, without the benefit of a comprehensive policy guideline on land-use development in the east slopes.

This government has responded with an extensive set of public hearings, conducted by the Environment Conservation Authority, into land use and resource development on the east slopes. As has already been stated, the authority filed its final report in September 1974. Now our government is in the process of reviewing that report. Because of the implications for the future of this province, I believe it is following a very responsible course of action in taking the necessary caution in order to review and finalize its position.

There are those who provide simple solutions to a very complex and important decision which must be made in the best interests of this province. Mr. Speaker, in examining the resolution proposed by the hon. Leader of the Opposition, I find it lacking in several aspects although I sympathize with part of its intent. This motion is far too broad in its intent, and all-encompassing in its impact on the economy and lives of Albertans.

First, let's examine the definition of the east slopes. I quote from the terms of reference as provided to the public in Information Bulletin No. 1, compiled for the east slopes hearings by the Environment Conservation Authority.

Geographical Area

For the purpose of the hearings the Eastern Slopes are defined as the total mountain and foothills area in the Province from its western and northwestern borders with British Columbia and its southern border with Montana to the eastern limits of the foothills but not including the National Parks and Indian Reservations.

Further on in the guidelines, or the terms of reference of the hearings:

For the purpose of the [public] hearings, the Eastern Slopes [were] divided into five separate districts corresponding to the five major watershed basins and outlined by the statutory boundaries of the four Regional Planning Areas and Improvement District No. 14.

The eastern boundary of the area [corresponds] with the eastern edge of the foothills, prescribed by an arc lying to the west of the cities of Lethbridge, Calgary, Red Deer, Edmonton and Grande Prairie.

It is indicated in the attached map.

Mr. Speaker, if we look at the attached map, we will see that it encompasses a very large area of this province, from just west of Lethbridge, west of Calgary, up to Whitecourt, and south of Grande Prairie to the B.C. border. This is a very large area of the province and encompasses a number of towns and a fairly large population.

Now the part of the motion, as presented by the hon. Leader of the Opposition, which I really feel wasn't as carefully worded as it could be, states, "to prohibit all forms of development . . . [except] . . . for the purposes of reclamation or reforestation". By "all forms of development", what do we mean? Do we mean present development, or do we just mean future or ongoing development? If you were to take a very broad interpretation of this motion, you could include present development. As such, if this motion were passed, it would prohibit present development not only in areas where I really think the concern is, the Rocky Mountains and the foothills, but in areas encompassed by the map which are adjacent to the foothills and Rocky Mountains. I think it would have a very adverse impact on the economy and the people living in the area defined as the east slopes.

Mr. Speaker, this motion, if passed and if you interpret it in its broad intent, would close down all operating coal mines and lumber operations in the east slopes, putting thousands of people out of work. It would prohibit development of badly needed recreation areas in the forest reserve. It would prohibit the development of provincial parks, of roads in my constituency such as the one from Lundbreck north to Longview. It would prohibit development of the David Thompson Highway and even of tests into the types of soil and rock formations which must be done by drilling rigs in context with Highway 3 through the Crowsnest Pass. It would stall necessary development of potential headworks sites for storage facilities on the Oldman River basin. I think that's a necessary

development, and I don't think the hon. Member for Little Bow would like to see development of irrigation stopped, as would happen if this motion were passed and interpreted in its broad sense.

If one carefully examines the map referred to in Information Bulletin No. 1, one would see that Fort Macleod is within the area studied by the east slopes hearing. This motion, if passed, would prohibit all forms of development in several communities in southern Alberta -- such as a packing plant at Fort Macleod, a gas processing industry in Pincher Creek, any form of development in Cardston or the Crowsnest Pass -- because of the far-reaching borders of the area of study as defined in the terms of reference for the east slopes.

I think, Mr. Speaker, because of the economic impact on my constituency, I would not be able to justify supporting this motion if it were to shut down present operating industries in my constituency, or adjacent to it, say in Fort Macleod. That would be entirely unacceptable. I do not believe careful consideration was given in the wording of this motion to the devastating impact on the thousands of people who would be put out of jobs if the motion was passed.

The matter of a policy for east slope land use and resource development, involving as it does the future of so many people, is far too serious a matter to be dealt with as it has in the wording of this motion.

On the question of resource development in the east slopes, Mr. Speaker, certainly one of the major questions is how we mine coal in that area or if we should mine coal. As I stated earlier, no one in this Assembly would like to see the east slopes devastated. Preservation of the watershed should be the first consideration in looking at the east slopes. Let's examine the area of the east slopes in a more narrow sense of, say, the mountains and foothills. There are probably five or six areas which would be available or amenable to surface mining of coal. If developed to their full potential, they would probably cover an area of less than 20 square miles. Mr. Speaker, the east slopes cover an area of several thousand square miles. I don't call devastation strip mining in an area of, say, 20 square miles.

One of the questions we have to face is that metallurgical coal found in the east slopes is a valuable resource. At the port of Vancouver we are receiving in the area of \$47 to \$53 a ton for metallurgical coal, compared to \$11 to \$17 per ton a few years ago. Coal is a valuable resource. Develop it now, or in the future it is going to require a cash flow to the companies engaged in that activity. To develop new technology, such as underground hydraulic mining, is going to require a cash flow. To reclaim some of the abandoned mine sites -- and I am the first to admit that the coal industry in the past hasn't had a very good record in that area -- we are going to require a cash flow. The expertise and knowledge of experienced underground miners will be required if we are to train future generations to engage in underground operations, not only in the east slopes but also on the prairies. That knowledge and experience must not be lost if the coal industry is to survive. Interpreted in the narrow sense of the definition of the east slopes and prohibiting all forms of development, we could be shutting down coal mines for two, three, four months. We could be losing a lot of that experience and expertise.

There are high grades of both metallurgical and thermal coal in the foothills. By adopting this motion and prohibiting all forms of development, we would cancel present contracts, thus shutting down present operations, endangering our credibility as a reliable supplier, threatening the future viability of the coal industry, and threatening future market potential to export thermal coal to Ontario for use in electricity-generating plants. This is a market we have been trying to establish for years. The adoption of this motion would seriously set back a breakthrough into that lucrative market. The coal industry is only now recovering from a long period of decline. The passage of this motion would reverse that trend.

If we choose to develop coal mining in the east slopes, I think we should be looking at the historic, established areas first. There are some proposals to develop new townsites in the east slopes to supply amenities and infrastructures to new employees. I suggest, Mr. Speaker, that first our established coal mining communities be developed to their full potential with the necessary amenities for employees, prior to embarking on developing new townsites such as the one suggested for the upper Oldman. Not only are there problems with developing new townsites, but the fact of urbanization in the east slopes could have a far greater environmental impact than the proposed development itself.

With regard to concerns about future surface mining in the east slopes, I feel if we decide to develop in that direction there are provisions in The Coal Conservation Act and The Land Surface Conservation and Reclamation Act to ensure a cautious and orderly development of coal properties, with minimum damage to the environment and watershed.

There are other aspects of the east slopes which I have not touched upon. They include summer and winter recreational uses, tourism, oil and gas development, wildlife and fishery management, wilderness areas, educational uses and development, hydro-electric development, forest utilization, and the recreational potential of the east slopes. Often different uses are in conflict, but there are compatible uses. As such, I would not favor a restrictive policy on the east slopes. We are going to require flexibility in planning if we are to use the east slopes for the maximum benefit of Albertans.

In conclusion, Mr. Speaker, I feel our east slopes provide a broad opportunity for our province, and we must approach development of the east slopes on a multiple-use basis.

DR. WEBBER: Mr. Speaker, I am happy to join the hon. members this afternoon in this debate, and I would like to make a few comments pertaining to the motion.

In the past, Mr. Speaker, our government has recognized that there must be a proper balance between preserving and conserving the environment of Alberta and the development of the natural resources. The hon. Member for Olds-Didsbury has already pointed out the direction taken by the Environment Conservation Authority over the past several years. But in addition, the Land Use Forum, which was established in October 1973 to consider various aspects of land use in Alberta, including foreign ownership of land, corporate farms, family farms, and recreational and other uses of land. Between January and March 1975, the forum held hearings in 15 centres throughout the province. Several hundred briefs were presented to it. Over the past year the forum has met with officials of cities, regional planning commissions, local governments, and private organizations.

In March of this year the forum compiled a tabloid summary of operation land use. The operation land use program was conducted by the Rural Education and Development Association and compiled by the Land Use Forum. Some of the recommendations in this particular tabloid, Mr. Speaker, also relate to the eastern slopes. As well, the Land Use Forum is studying land-use problems outside Alberta, in other parts of Canada and the United States, and some of the European countries.

According to a brief resume of the progress of the Land Use Forum, it is planned that the proceedings and final report will be completed by the end of 1975 or in early 1976.

Mr. Speaker, I think it's important that we as a government use both the Environment Conservation Authority and Land Use Forum reports and recommendations in our future planning in the eastern slopes. With these reports and a rational government approach, I think we can proceed in a cautious way to develop the natural resources and preserve our environment in the eastern slopes. I don't think it's necessary to prohibit all forms of development not for the purpose of reclamation and reforestation, as the motion suggests.

The hon. members for Olds-Didsbury and Pincher Creek-Crowsnest also pointed out a number of resource developments which have taken place, will take place, or are currently taking place. I think they include things in the areas of tourism, recreation, transportation, watershed and wildlife protection, and urbanization.

Mr. Speaker, as a representative from an urban riding, I represent individuals whose primary interest in the eastern slopes is recreational. Their use of the foothills and the mountains is for camping, fishing, hiking, hunting, and sightseeing. The proximity of Calgarians to the slopes enables them to make frequent use of these areas.

Recently I received a report and recommendations on the ECA report, and recommendations from a group of Calgarians who live, as I do, in the constituency of Calgary Foothills. They state:

Many Albertans, both those born here and those which have emigrated from abroad or from other parts of Canada, choose to live in Alberta partly because the Eastern Slopes afford an environment for the broadest spectrum of recreational and leisure time activities available anywhere in Canada and perhaps equalled in only a few places on the entire globe.

The scenic beauty, the wildlife, the serenity and the sheer grandeur of the area constitute sufficient reasons for its unadulterated preservation. [The report goes on.] We also agree that the idea of multiple use [in the eastern slopes] is an excellent one, however when a serious conflict arises, the integrity of the natural environment must be maintained. If this requires no fishing in an area; no hunting in an area; [or] no mining in an area; [or] no cattle in an area; or even temporarily no trespassing in an area; so be it.

These same Calgarians in general feel the recommendations of the ECA report are good, but in some cases stronger measures need to be taken than those recommended. I won't go into the details of these recommendations at this time.

Mr. Speaker, I will touch upon several topics. The first deals with wildlife, since more and more Albertans are concerned with the preservation of our wildlife through the protection of their habitats -- that's the habitats of the wildlife, not of Albertans. There are those who feel some of the habitats in the eastern slopes have suffered, and continue to suffer, mismanagement. The recommendations in the ECA report are reasonable in that they attempt to maintain the current level of big game population, but I think there is merit in a desire to increase the populations of some types of big game.

On pages 61 and 62 in the ECA report, I'd like to refer to Recommendations 7 and 15. Number 7, if I may read it, Mr. Speaker, says:

That a resolution of land use conflicts between domestic stock and undomesticated ungulates be resolved, so far as it may be possible, by trade-offs in leased land so that domestic stock and [wildlife] may get to graze on separate pastures.

The particular brief I received indicates a desire that, whenever a trade-off is not possible and a conflict remains, the domestic stock should be removed. Recommendation 15, if I may quote, states:

That commercial development on crown lands which detrimentally affects the wildlife resource should by law require compensation to the government such as is required [by] stumpage.

The report I received from my Calgarian friends, Mr. Speaker, indicates they would like to see this recommendation replaced by: "That on crown lands commercial development which detrimentally affects the wildlife resource to any appreciable extent must cease."

You are probably saying to yourself, Mr. Speaker, that my friends have strong feelings. They also have strong feelings with regard to agricultural use in the eastern slopes. If I may quote one section of this report dealing with agriculture, Mr. Speaker, they state:

The use of the Eastern Slopes for cattle grazing ([and they] refer [principally] to that area within the Forestry and behind the Front Ranges) is probably the biggest land rip-off of the public by private industry. This grazing provides few if any additional permanent jobs, nets virtually no money to the public purse, as the pittance paid probably does not cover administration costs; does not appreciably lower the price of beef; has a destructive effect on the banks and foliage along the streams; uses and abuses habitat that the native ungulates need to survive (or would need to survive if fences, roads and domestic stock [are] not driven . . . from the areas); and provides the visitor with a barnyard atmosphere of cattle, barbed-ware fences, Texas gates and cow manure in an area that is supposedly natural.

As I indicated, Mr. Speaker, they use relatively strong language and, being a farm boy myself, I don't think I can agree with everything they have said. However, I think the feelings indicated here demonstrate a concern among some of the city population with regard to the use of the forestry and land behind the front ranges for grazing and [they] would possibly like to see these same areas used in conjunction with the purpose of recreation if that is possible.

I was going to make a few remarks with regard to the coal mining situation. However, the hon. Member for Pincher Creek-Crowsnest has already covered this area very adequately. He pointed out that with regard to the motion we have at hand, he does not see it necessary for the Alberta government to prohibit all forms of development in the eastern slopes.

With respect to sour gas, there is probably less environmental incompatibility in this development than there is in the surface mining of coal. Thus, the ECA report recommendations indicate cautious development of sour gas fields in the foothills, and this seems to be reasonable.

The development of other minerals such as cement and gravel have proven amenable to satisfactory control when suitably regulated by government. Thus, there seems to be no urgency to prohibit cautious development in these areas.

Likewise, Mr. Speaker, I see no need to prohibit the development of forestry. Again the ECA report recommendations seem reasonable in this regard. For example, on page 63 of the report, Recommendation No. 2, if I may quote:

That the harvesting of forests in the Eastern Slopes be encouraged on a sustained yield basis when it can be clearly shown that the yield can be sustained, and this particular land use can be judged more beneficial than others that might displace it.

Now, Mr. Speaker, I think in addition, and it's not included in the recommendations dealing with forest products, one might add that the lumber company adhere to the same clean-up requirements currently in force for the oil industry, particularly on access roads, and that these roads be permanently closed when the lumber operations are terminated.

As with the lumber industry, the access roads to sour gas fields should be cleaned up, then closed permanently when operations are completed. Seismic lines should be cleaned up, reseeded, and penalties imposed on those who use these trails for vehicular traffic after their original purpose has been served.

In conclusion, Mr. Speaker, Albertans have expressed very clearly in the past several years their desire to maintain the eastern slopes in their natural state, and even reclaim those areas damaged by misuse. I think we recognize that we have conflicts in the use of these slopes, and obviously, before these conflicts can be resolved, priorities need to be established. But the motion as stated, "to prohibit all forms of development in the eastern slopes", at this time is certainly, I think, absurd.

Thank you, Mr. Speaker.

DR. WARRACK: Mr. Speaker, it's a real pleasure for me to have this opportunity to take part in the discussion on the motion before us, the motion having to do with the matter of the eastern slopes which I think all agree is a most important matter. The motion itself contains the suggestion that really a substantial period of time go forward from the present without substantial development, and without substantial delineation of the uses of some of the land areas involved within the eastern slopes boundaries, which the hon. Leader of the Opposition, not now present, has proposed.

My purpose, partly on reflection of prior involvement until March of this year as the Minister of Lands and Forests, is to clarify a number of matters that will be very important, I believe, as members consider the substance of the motion before us. It's not all bad, and certainly it's not all good.

I would like to lay forth the basic factual status which underlies the motion as it stands and the considerations that are the recommendation therein. First of all, Mr. Speaker, it's important for all members to recognize the major extent of study and analysis which underlay the report of the Environment Conservation Authority, and the hearings held upon the request of the government, as the hon. Leader of the Opposition pointed out in late 1972.

I'm referring specifically to the Foothills Resource Allocation Study, Mr. Speaker, which was a study prior to, and separate and apart from, the Environment Conservation Authority work on this important matter. The Foothills Allocation Study was divided into four phases, and part of the motion before us addresses the latter and fourth phase of that study. The Foothills Allocation Study was undertaken under the Alberta forest service of the Department of Lands and Forests.

The first phase of the study was undertaken at the time of a freeze on further developments -- I stress the word "developments" -- put on to examine the permanent uses that had already been committed in that area, for whatever reason, and therefore had to be regarded as permanent features or integral parts of what was to be taking place in the planning future of the area in question.

For example, there presently are, with the attendant history, coal mines in operation in that area. A number of lumber operations are going forward in that area. There is, for example, the development at Exshaw which is a major industrial development within the Canmore corridor. There are a large number of other uses, which because of their capital investment commitment, or some other reason, are really permanent commitments to the use of that land throughout the planning future.

It was necessary to examine and respect those commitments already there on a permanent basis and, at the same time, do an inventory on a very micro basis. As a matter of fact, the resource inventory is computerized down to a quarter-section basis throughout the eastern slope areas, having regard not only to the quantity and the quality of the resource there, but some consideration also to the nearby supply there might be of that resource capability in question.

Let me illustrate quickly by way of example. In the event, for instance, that an area has a moderate recreation capability, but it's one of the few areas in that region of the eastern slopes with such a capability -- and there are very few, if any, areas nearby that have an excellent recreation capability -- that is given a higher priority in the resource inventory than if it had a moderate recreation capability, but there were several with excellent recreation capabilities nearby.

That's what I mean by the second parameter involved in taking account of the supply side, if you like, in at least that rudimentary way, as well as what would be present as a pure and absolute analysis of recreation or other resource capability in the area. Those two parts, the permanent commitments and the inventory of the resources in question on a micro-level basis, constitute phase one.

Phase two is the demand study of the current situation with respect to the various capabilities which are asked for by the public, and the current status of those demands basically constitutes phase two.

Phase three is a projection of those same demand considerations through a 10-year period. It's clear, as pointed out by I think nearly all the speakers so far, that the recreation demand in the area is increasing rapidly, and it's necessary in forward planning to take that into account rather than constantly look backward in history as a basis on which to plan for the future. That constitutes phase three.

Part of phase three can properly be integrated with what came next: the additional opportunity for input, including the public hearings themselves. They were held on a watershed-basin basis from south to north, all five watersheds, in the summer of 1973. In terms of that input, analysis, and assessment involved in phase three, projecting the uses of land in that area with respect to what would be the case in the future, and measuring that against the inventories on hand, we're now quite properly into phase four: how to begin some of the land-use allocations in question.

That's the factual background of some of the analysis which underlay the motion, and the question and challenge before us. As I look at the motion, I state to myself very clearly, particularly with the familiarity I have from my former responsibilities in Lands and Forests, my great surprise in the motion being put forward in this way, because of the clear contrast in the motion with Social Credit performance in the past. For example, what was the land-use plan under which the developments at Grande Cache took place and, in fact, that ill-fated railroad? What was the comprehensive land-use policy referred to in the motion? Mr. Speaker, there wasn't one.

When you look down the list, including some of the criticism, made in full knowledge that it is inaccurate, with respect to a moratorium on exploration to prove up inventories -- that is to say by proving up, to ascertain the quantity, quality, and configuration of resource inventories. That is part of the inventory process and can only be done, in many instances such as coal, if the opportunity to do it is there. There isn't any freeze on that, and it hasn't been suggested at all that there was. I know the lack of clarification apparent to the hon. member in the exchange of correspondence he mentioned. But I would point out that that was corrected on a follow-up basis much more quickly than he suggested. If he checks his files he'll find he knows that.

MR. CLARK: Six weeks, six weeks.

DE. WARRACK: Make that three.

In addition to that, it was done on the initiative of the government, Mr. Speaker. I had spotted the concern there and had undertaken the steps necessary to rectify it.

I can't see the clock but someone said . . . I beg leave to adjourn the debate.

PUBLIC BILLS AND ORDERS OTHER THAN GOVERNMENT ORDERS
(Second Reading)

Bill 201 The Companies Amendment Act

MR. NOTLEY: Mr. Speaker, in rising to move second reading of Bill No. 201, I should say in preface that the basic principle is to require all public companies and companies having share capital to include an account of all payments made to their directors.

Mr. Speaker, the basic philosophy behind this bill is to maximize accountability to shareholders who have invested in the company, and to make sure the registrar of companies has the kind of information which, in the public interest, he or she should possess.

Mr. Speaker, in 1973 we had the sad case of the collapse of Cosmopolitan Life Assurance, which was briefly discussed in this Legislature during the question period. As all members know, shortly thereafter there was an inquiry. As the inquiry proceeded, it outlined the almost unbelievable moves and countermoves which took place in the Cosmopolitan empire. To a very large extent, Mr. Speaker, the shareholders of that particular company, as well as the holding company, were kept in the dark about important decisions made by the directors. Directors meeting behind closed doors and making decisions -- I might add, Mr. Speaker, in the case of some of the companies, paying themselves very well indeed for their work -- all contributed to a situation which eventually led to the collapse of the empire. In the process many smaller Albertans, who perhaps are not aware of the ins and outs of the investment world, lost a good deal of money.

We all know of examples which have been brought to our attention, where people have made investments but really haven't had either the information provided or an opportunity to stay on top of just what was going on in the company in which they invested their life savings, or at least made an investment. I think the rather sad tale of Cosmopolitan, and the report which occurred as a result of Cosmopolitan, clearly gives us some responsibility to look at The Companies Act and see if there are areas where it might improve. Mr. Speaker, it seems to me that one of the areas that is valid and requires upgrading is the accountability of directors to their shareholders.

Mr. Speaker, we can talk at some length about the moves government itself can undertake to ensure that companies are properly policed through The Companies Act, and the various bureaucratic agencies that can be established. But, Mr. Speaker, there is probably no better watchdog than shareholders who have access to the maximum amount of information.

Mr. Speaker, one of the interesting things about directors in most companies is that they are very much like MLAs or MPs. They are in a position to increase their own salaries, to undertake the determination of their own benefits. The reporting process, to put it mildly, is somewhat less than complete.

I want to make reference very briefly to some of the controversy which has surrounded PWA. Mr. Speaker, I do so because the government has refused to answer many of the questions we have raised in this Legislature, simply saying that is something which is dealt with by shareholders at a duly called shareholders' meeting. Mr. Speaker, a shareholders' meeting that has two or three hours in order to cover the annual report of a large modern company is certainly not an exercise in accountability or democracy. I might just point out, for the information of the members, that when the annual meeting of PWA was held in Vancouver -- and I should also say, Mr. Speaker, that it was held under the purview of the B.C. Companies Act, so I think they need to look at some changes in that province as well -- legitimate questions which were raised by Mr. Harder, as well as the proxy representing the New Democratic Party, were time and time again voted down. Mr. Speaker, I don't believe that is a good way to operate, and it seems to me there has to be some protection for the shareholders so that basic information is made available.

Mr. Speaker, I would be a little less than honest if I didn't say that this bill was partly motivated by a debate we had in the Assembly last fall, when members of the opposition requested information on the salary and stock options of the president of the Alberta Energy Company. During the course of that debate, we were told that really wasn't the business of the Assembly, and in actual fact the Alberta Energy Company was just a little old company all by itself. Individuals should get their own share, go down to a shareholders' meeting, when it takes place for an hour and a half or two hours, and ask all these questions and get the information. Unfortunately, the likelihood of getting information from the annual meeting of the Alberta Energy Company, as things stand, is about as great as the likelihood of getting information from PWA.

Mr. Speaker, we have what appears to be a pretty clear trend on the part of this government to go into joint ventures. I think we've heard this over and over again, about a partnership between the private sector and the public sector, where the Alberta government puts up X percentage of the capital and what have you and perhaps has a director or two on the board. It is important, Mr. Speaker, that at some point the people find out just what these directors are making, what their benefits are, what their stock options are, if any, and what the salary of the president is, because these are quite different from normal companies. Quite apart from the general issue of the overall argument I am presenting, there seems to be an additional argument, in the case of joint

ventures, for information on the payments to directors to be made available either to shareholders or to the director of the companies branch.

Mr. Speaker, this bill is designed to achieve, then, a maximum degree of accountability. I am not suggesting that in itself it is going to solve some of the problems I cited about the Cosmopolitan Life Assurance collapse or manipulation by boards of directors. But it seems to me, and I come back to this and conclude on it, the best way to supervise the operation of any concern is to make sure the people who have actually invested in that concern have the maximum available information. With that in mind, Mr. Speaker, it's my view that among the information they should possess not just aggregate figures, such as we received on PWA from the hon. minister today, which don't really tell us much of anything, but they need to know just what are the salaries of the officials elected as directors to govern the affairs of their company.

Mr. Speaker, I look forward to the debate. No doubt, in a sense this is designed to be a little bit of a red flag in front of a bull. But having said that, I welcome the comments of the other hon. members.

MRS. CHICHAK: Mr. Speaker, I'll take up the . . .

AN HON. MEMBER: Gauntlet.

MRS. CHICHAK: What you may call it.

AN HON. MEMBER: Flag.

AN HON. MEMBER: Blue flag.

MRS. CHICHAK: He said he was throwing this out for the bull. Well, such doesn't appear to be the case here.

However, I am very keenly interested in the bill the hon. member of the opposition has brought forward, and perhaps interested more from the point of view of what the motivation is. I regret I should have to feel there may be some motivation other than the real interest of the nature and structure of private and public business, of the service of people who, in many instances, dedicate a great deal of time and service to their activities in various companies and various public business; and to find we now are going to throw all of these things [out] and request that every penny an individual earns must be disclosed for the public to anyone who may have whatever reason to inquire or look at the income of any individual.

I think it needs to be recognized -- and I'm sure all members do -- that when individuals are approached to become members of a company, to serve as directors of a company, many reasons are behind that approach. There are many cases where an individual is asked to serve as a director: to assume a very broad responsibility in that company. In another instance, an individual may be approached because of his expertise relevant to this particular business and not necessarily the amount of time that individual may be required to provide to the company. Another reason could very well be simply the benefit which the name of the individual brings to the worth of the company, and perhaps no more than that; and for that, a certain fee is assessed. It could also be based on the competence of performance of the individual to the business of the company.

Because of these very many variables, there are differences, perhaps, in the fees or salaries paid to directors in these companies. Now, surely one can see at the outset that to disclose any variations in fees of directors, where perhaps the responsibility is as great as some of the points I have outlined -- the fee paid is perhaps greater than that to one who contributes a great deal of time, but the net worth to that particular company does not have the same impact on the overall worth.

Surely such disclosure is bound to create dissension among the directors, to begin with. Surely, then, it would be incumbent on the company to file reasons the various directors may have different rates of income. How do you assess the worth of a director who perhaps provides a considerable amount of time and effort in the company, whereas another, simply because of his influence, perhaps lends greater credibility and worth to the company?

Shareholders in a company can generally manage to keep themselves fully abreast of the business of the company, although it has to be recognized that in very large corporations this may not be so. But it seems to me that the majority of shareholders, or those interested in a company, would have a fair degree of influence on what total aggregate might be acceptable in allowing the amount of business of the company to be allocated towards this aspect of the operation costs.

Historically, only the aggregate information as to directors' fees has been required to be disclosed. Companies and corporations have been formed and in existence for centuries. Now, for this government suddenly to throw into the lap of this province the kind of requirement set out in this bill, without consultation, discussion, or consideration as to the effects such legislation will have, seems to me rather short-sighted on the part of a legislator, as far-reaching as this legislation may be.

Perhaps the odd one or two points of this bill may be acceptable in some form, and I am not wishing to convey my idea or attitude that there is no thought or part of the principle being proposed here which should be considered. But to pass legislation, as is being proposed here, without study of all the ramifications, is indeed very short-sighted.

I believe there is, in legislation, provision dealing with conflict of interest and duties of directors, which in large measure protects shareholders and others with respect to the actions of directors. True, the hon. member in the opposition has cited some examples of recent occurrences; perhaps these examples would be valid in total if all the mechanisms available in existing legislation had been followed and considered, and these matters still occurred. Then perhaps it would be time to look at this extreme legislation.

But it seems to me that the legislation under The Companies Act needs a greater degree of review as to the changes necessary, the impact of any changes, and the shortfall. It seems to me that I recall this is in fact being carried out by the Institute of Law Research and Reform. I think we would be hasty in making a decision on a bill of this magnitude without having had the benefit of in-depth study and review of the impact, because it is not legislation which stops within a very limited boundary.

And so, Mr. Speaker, I would feel hard pressed to provide some very valid explanations and reasons to support the bill as it stands at this time. So I have to say to the hon. member in the opposition that, not regrettably, I oppose the bill. I think one often has to place oneself in the same position in which we would now be placing so many individuals. Having to disclose their incomes to the public at large they can certainly move, to a very great extent, the direction or the measure of success they may continue to enjoy, whether those incomes are large or small. Sometimes the importance of a position is not recognized by the kind of remuneration offered and, if we make these disclosures publicly, I believe we would have many individuals who perhaps for a lesser fee contributed a great deal of their competence, time, and expertise, and will no longer be willing to do so.

And so, Mr. Speaker, I close my part of the debate, indicating that I would not support the bill.

MR. KROEGER: Mr. Speaker, I hope you will bear with me for a few minutes, because I may be off track until I get the feel.

Since I am probably the last of the new members to get on my feet, I would first of all like to congratulate the young lady upstairs for turning the microphone on. I am amazed she could find it. Secondly, you know, this isn't exactly what you visualize on your so-called maiden speech: a gallery full of press people, and the fantastic support across the way. I hope that when I finish some senior member of cabinet will see fit, as I saw the Premier do, to send over a note and tell me what a grand job I did.

AN MCN. MEMBER: Foster will.

AN HON. MEMBER: You're doing fine.

MR. KROEGER: Thank you. Mr. Speaker, I had intended to keep quiet until I had something to say. I was being needled over here by Mr. Ray Speaker -- and I'm not supposed to call him that -- he said, "when are you going to get up and say something?" And I said, "well at the point I feel I have something to say." His answer was, "why be different." I'm here now, Mr. Speaker, and I do have something to say.

I want to comment -- it was voluntary; nobody was twisting my arm -- on this thing, because it concerns me, going back further than today or yesterday, going back to before the election perhaps. It has something to do with the mover of the motion, whom, incidentally, I have never met officially. I have had the opportunity of listening to him many times.

[Mr. R. Speaker entered the Assembly.]

Member for Little Bow, I am here.

I have listened to him many times. He is very articulate. When he presents something, I can see he has a pretty able research staff. I'll commend him on those two things, but I can't go further than that because I don't like his philosophy. One reason I don't like his philosophy is that he created some problems for me during the election.

But seriously, Mr. Speaker, as far as this disclosure thing is concerned, I think the best platform from which you can comment or speak is experience. I have experienced starting with a one-person effort, developing it into a company, and winding up at the point where we actually appointed a six-man board of directors whom we paid. We did it on the premise that it was useful to get outside opinion. Some of the opinions were some of the directors who were very well qualified. I would be dubious at this point, had we approached these people and told them that probably this would become public knowledge, whether they would have agreed. So, having experienced this thing, and knowing the reasons we did it, I object to the suggestion being made here.

You know, another factor enters into this thing. I hear too often in this House the criticism of bigness just because it's big. We're very small, if you want to compare a major manufacturing company at the international level. We are relatively big in our community, if you want to compare it to the kind of business we are in. We do get the feeling that this bigness opens you up for criticism.

I object to that, because the only thing in an ordinary business that can make you big is if you're doing a good job. I don't know why you should criticize that. There isn't any way that you can force anybody to vote for you, to get a big majority, unless they want to. In the same light, there isn't any way in business that I know of that you can get anyone to support you if you're doing a bad job. Our business grew slowly, not because we wanted to be the size we are today but because people came in and wanted the

services we had to offer. As the pressure for this service mounted, we expanded. I don't believe that makes us an automatic target for this kind of criticism. I object to that. I object to the concept that, because a thing starts small and grows and becomes effective, it's automatically bad.

I realize, as everybody here does, that we need some checks and restraints. I think we have many of them, and I'm not a bit interested, Mr. Speaker, in seeing this thing expanded any further.

Thank you very much.

[applause]

MR. GHITTER: Mr. Speaker, I would like to be the first of this House to congratulate the hon. Member for Sedgewick-Coronation, not for just the brevity, the alacrity, the conciseness, and the articulateness of the way he spoke, but more particularly for the fact that he happens to be of that philosophy that I particularly enjoy.

The notes are coming from the hon. Minister of Labour right now, in case you're waiting.

[laughter]

AN HON. MEMBER: He's just writing down what you said.

MR. GHITTER: Oh, I see.

Mr. Speaker, I would like to make a few comments relative to this bill, because I don't think it really suits the purpose the hon. member who drafted the bill proposes. It strikes me he is swatting at elephants with fly swatters, if his concern is as he states it to be. As I read the concern of the hon. member and the purpose of the bill, it seems that he is intending to get more openness and greater protection from the point of view of the shareholders of public companies. He doesn't seem to distinguish between public and private companies, and I think the bill should.

I don't think it really amounts to anything in the sense of any protection for a minority shareholder to know what the directors or officers are receiving by way of pay or services or goods. The problems of minority shareholders don't really arise because a director is receiving \$40,000 or \$50,000 a year. The problems arise when the directors use their positions in a conflicting position, take that vehicle of the company in which they are officers and directors, and use it for purposes which are not to the benefit of the company.

We've seen many examples of that in corporate practices in western Canada, and Canada, where the directors will take the company and their right to sign on behalf of that company and utilize it for their own purposes. I think if the hon. member is concerned about the rights of minority shareholders, the answer as set out in this bill is totally inadequate. All it will serve is to allow people to look at the earnings of a director and argue whether he's worth \$5,000 more or less a year. That really isn't going to solve the problem. As the hon. Member for Edmonton Norwood suggested, I think the Institute of Law Research and Reform, which has some excellent men who are now examining this problem and others relevant to corporate law, will be coming forward with its report. I'm sure all members of the Legislature will look upon that report with great interest, to determine just how to deal with this very sensitive problem of protection of minority shareholders' interests and rights.

I think the problem, in many cases, is even more serious in private companies. Really, the use of private companies in our society today is everywhere. Many of us have seen common examples where individuals who put their dollars where it counts and receive shares in a private company really have little remedy at law to protect themselves from officers or majority shareholders who are running the company, not in the interests of the shareholders but more particularly in the interests of themselves. I think these are the areas we must respond to. I am sure that the report, when we receive it from Mr. Field and his associates, who are conducting the examination, will certainly be of assistance to us.

I think, however, that the bill is faulty in one other very material way. That is the requirement that Section 146 be amended relative to the filing of annual reports by the companies as to what has been paid to the directors for services, goods, and otherwise. I think that section is saying now that, with respect to private companies, every private company now must file a statement with the registrar of companies, setting out what the officers and directors are receiving. I don't think that is really the business of the public at large, because private companies are something between shareholders. I don't think I should know what the president of a little private company is making. I don't think that's a matter of public record at all. I think that's a matter of record for the shareholders to know. I think that certainly follows. But I can't see the purpose, as in the second section of this proposed amendment, of amending Section 146 of The Companies Act and make a requirement that private companies must divulge this information. I don't think that's anybody's business but the shareholders of that private company.

So in conclusion, Mr. Speaker, I submit that if the bill endeavors to protect the interests of minority shareholders, it fails abysmally. If the purpose of the bill is to go on fishing expeditions in private companies, to make public things that the public isn't entitled to receive, I would oppose the bill on that basis. I would suggest the hon. member who proposed the bill wait with a little patience until we have the report of people who understand company law and are specialists in the area. Let's see what they say, and let's not fool around with half-baked solutions to very difficult problems.

MR. HARLE: Mr. Speaker, it behooves me to get involved in this debate, because The Companies Act is, of course, under my portfolio. Because of that, I think it's worth while for something to be said by the minister in charge of that particular piece of legislation.

My first comment is that essentially the legislation contained in Bill 201 is perhaps somewhat premature, because the Institute of Law Research and Reform presently has the subject matter of The Companies Act under review. We will no doubt be receiving, in due course, their recommendations and draft legislation, so that in due time there undoubtedly will be a new companies act in this province.

I may say that there are, of course, regulations under the existing companies act which relate to proxy solicitations and to directors and senior officers of companies. Also, of course, there are regulations under The Securities Act itself to provide certain disclosure requirements for certain companies and for those classified as industrial companies. Again, they relate to directors and senior officers of these companies.

Most of the disclosure requirements relate particularly to debts. Some go further than that, particularly in the securities legislation. In just about all cases where disclosure is required, that disclosure is on an aggregate or group basis. That is, it doesn't come down to disclosure relating to individual remuneration, except in a rather small area and that relates to debts which are due to the company.

The whole basis, in fact, of the Alberta Companies Act, and The Securities Act, is that disclosure be on an aggregate basis and that no details of individual transactions be disclosed except in, as I say, some very limited areas.

I also understand that, under the new Canada business corporations act, the principle of aggregate disclosure is also maintained. I think the philosophical thrust of disclosure is to enable public analysis of a company's operations; that is, to be able to compare the economic viability of one company with another for purposes of investment. The purpose of disclosure is therefore not to satisfy the curiosity of those who are not considering or assessing the investment potential of a company's shares. Therefore, information beyond the aggregate, or group, really adds very little to the information needed for the purposes of the economic analysis of the company. I think, in general it can be said that disclosure requirements are perhaps more appropriate to The Securities Act than to The Companies Act.

I do, however, recognize there is a problem in the area of minority shareholders in private companies. The same problem, of course, exists in public companies. But in most instances in the case of a public company, especially where the shares are listed on the stock exchange, it is a relatively easy matter to sell the shares if you're not happy. Of course, the difficulty of a minority interest in a private company is that the possibility of unloading your investment is rather restricted. In fact, it may greatly affect the price you can get for your shares.

So the difficulties faced by minority shareholders in private companies, will, I feel sure, be the subject of recommendations by the Institute of Law Research and Reform. I know that since I have become Minister of Consumer and Corporate Affairs, I've had a number of private individuals contacting me because of their positions as minority shareholders in a private company.

I realize, also, that there have been some recent moves in the United States, where certain prospectuses seem to disclose information regarding individual remuneration in situations where it is in excess of \$40,000.

The Member for Spirit River-Fairview referred to public companies. I would like, if the opportunity arrives before closing the debate, that he spell out more specifically what he meant by that reference in his debate on moving the motion. I'm just not clear from what he said whether he was talking in sort of generic terms, or whether he was specifically referring to "public" and "private" as defined in The Companies Act. He seemed to base his need for this legislation on the Cosmopolitan inquiry. I'd just like to refer to some of the points in the inquiry. I've just taken a very quick look through it again to try to find out where he might find some support for the type of legislation he refers to in Bill 201. In fact, on page 2 of the Cosmopolitan report, the references I've been able to check are these:

More specifically, it became apparent during the course of the Inquiry that there were and are a large number of private disputes arising out of the business activities of the companies. These include disputes between companies and policyholders, disputes between companies and shareholders or other investors, disputes between the companies and creditors, disputes among shareholders, disputes between shareholders and other persons, firms or corporations with whom they had personal dealings by reason of their involvement in these companies, and lastly disputes between these companies and other firms, persons or corporations with whom they had business dealings. In my opinion, such disputes are not the proper subject of a public inquiry but may be resolved by resort to ordinary judicial process.

I'd like to refer to page 43 of the report. At the bottom of the page, I quote:

The cause of this collapse is, of course, the incredible improvidence of the management. Their actions were so wildly irresponsible that one may rightly suspect whether secret private profits were the motivation, but no evidence of this could be found. The motivation must be found elsewhere.

On page 60:

The real victims were the investors who had no part whatever in the management of the company. But it should be observed that the basic appeal to these investors was the prospect of great profit at little risk. They were the victims then, of

their own avarice, ignorance, and misplaced trust, or, in the early days, of local pride.

Again on page 119 -- this is in relation to the companies branch itself, in discussing the differentiation between a private company and a public company. Of course, in The Companies Act itself, the switchover is when you exceed 50 shareholders. Then the requirement of filing a financial statement comes into being. On page 119 it states, and I quote:

It would appear that, under the Companies Act, even had the company transgressed the regulations with respect to private companies, for the purposes of the Companies Act this merely would have meant that it, the company, would now be classified as a public company and, again, for the purposes of the Companies Act, the only change would be that the company would now be required to file financial statements with the Registrar.

So I find it a little difficult to find support for the need for this legislation in the Cosmopolitan report.

There is undoubtedly a need for accountability for the actions of directors and shareholders. But, again, I would say it is the action of the directors and shareholders, not necessarily the amount of reward that each, as an individual, might be obtaining from the company. That applies not only to directors but to the senior officers of the company.

The hon. Member for Spirit River-Fairview compares the position of directors with MLAs and MPs, then, of course, raises the issue of PWA. I think we already went through the exercise earlier today of seeing the motion amended because of the well recognized and established rule of corporations to give aggregate information, not individual information.

Basically, I guess it is a problem of philosophy and perhaps the member's difference with the capitalistic system, which is, of course, a system of social organization which pays particular emphasis to private property and the freedom of enterprise. The member who introduced this legislation argues for a different approach, perhaps; as I interpret it, basically a nationalization of the industry of the nation. His approach might be that profits are immoral. He argues that perhaps the best approach might be central planning, public ownership, and a greater degree of supervision over the direction and mechanics of the production of goods and services. I can therefore understand why he perhaps equates the position of directors and senior officers -- although the legislation only relates to directors -- with that of MPs and MLAs. But really I think the comparison is odious. It is beyond my comprehension that a director should be, or feel himself to be, in a comparable situation to a person sitting in this House or in the House in Ottawa.

I would therefore think that certainly at this time, Mr. Speaker, the proposed legislation is premature.

Thank you.

MR. DIACHUK: Mr. Speaker, I would like to make a few comments on Bill 201, particularly reviewing a few of the areas that have been covered by some of the members of this Assembly today, and some of my own views.

I think a compliment is owing to the Minister of Consumer and Corporate Affairs, as he covered it very well and very briefly.

The mover, the Member for Spirit River-Fairview, gave as an example the firm of Cosmopolitan Life. I can appreciate the review that the minister expressed to us, and showed the members of this Assembly that this proposed amendment would have been of very little protection to the investor or the shareholder of that company.

The concern of the mover of the bill with regard to disclosure seems to be a habit or a practice of the members of his party. One has to wonder why, because it seems that in some of the other provinces in this country of ours, where his colleagues have the opportunities to bring in all legislation possible, they are not really rushing out to do that because it might weaken their own positions.

In 1974 I had the opportunity to meet with some of the members of the Saskatchewan parliamentary association group which was visiting Alberta. I found it difficult to understand a very elaborate explanation given to me by one of his colleagues in the NDP party in Saskatchewan, that one can be a promoter of free enterprise and still be a member of his party. This particular gentleman was a principal shareholder in a large farming corporation, an owner of an airplane, an investor in several companies, and he still believed in the philosophies of the party that the hon. Member for Spirit River-Fairview belongs to.

DR. BUCK: Did he get re-elected?

MR. DIACHUK: Not yet. I don't know whether I can answer that question of the hon. Member for Clover Bar, but I'll have to check into the statistics when they're reported.

The maximum accountability that the mover predicts, or maintains this amendment would provide if accepted -- how you do that with this sort of amendment and leave out the private companies is one thing that I think the mover of the bill did not take into consideration. How can you have an amendment to The Companies Act and then leave out private companies? To me this is difficult to accept. I myself am involved in several small private companies and I have to say -- like some of the members who have spoken here -- that in one I am the head of a small company and in the other just a shareholder. I look at both of them with an open mind. In one I have to carry the responsibility of the

decisions, and in the other I have to depend on them, attend the annual meetings, ask questions, and not expect government legislation to protect my investment. The private companies are set up for that purpose: to be able to serve small groups of two and three people.

The hope that the registrar of companies would be able to protect all investors with this amendment is really dreaming. One has to imagine the more protection you give for investors, the more loopholes are found. The example we had before us this afternoon of Cosmopolitan Life, and other examples, would never be totally protected for the investor unless the investor were well involved at the annual shareholders' meetings, and the directors who serve that company provided the proper communication in order that no flagrant violation or abuse of their position was carried out. Mr. Speaker, if we go to the point of protecting the investor, the next thing we will be asked for is to protect the wisdom of the investor, to advise when he should invest, what he should invest, and why he shouldn't invest. That is possibly the ultimate goal, but I hope we never reach that.

I'm satisfied, as was explained by the Member for Edmonton Norwood, that at present we have sufficient protection and the responsibility still has to rest with the investor. The regulations were covered by the hon. minister quite well. As a member of the legislative committee last year, we have almost too many regulations, and sometimes this is what our ministers have to wrestle with. I can appreciate that the Minister of Consumer and Corporate Affairs would have second thoughts about having more regulations to protect investors.

I think the amendment reserves support. I could not support it. As indicated by the Member for Sedgewick-Coronation, bigness is not bad. Therefore, while private companies are small, the principal directors are able to protect the investment quite well. As we have opportunities in this nation of ours to grow, so must our opportunities grow for small companies to develop into bigger companies. It is unfortunate that the attitude sometimes is that big corporations are bad.

I do agree with the Member for Calgary Buffalo that this is really an opportunity for some parties to go out fishing and possibly develop information on private companies in which members of this Assembly are shareholders. It should really not be the business of the public at large or the members of this Assembly. I think we still have to respect the freedom of every Albertan, every individual who wishes to invest privately or collectively without having to worry that one of these days his or her investment will be dragged through the Alberta Assembly in the pages of Hansard.

Mr. Speaker, I take the notice given to me by a colleague of mine, and I beg leave to adjourn the debate.

MR. SPEAKER: May the hon. member adjourn the debate?

HON. MEMBERS: Agreed.

MR. FOSTER: Mr. Speaker, I move we call it 5:30.

HON. MEMBERS: Agreed.

AN HON. MEMBER: Right on the ball.

MR. SPEAKER: Assuming the unanimous consent of the Assembly to the motion just made, the Assembly stands adjourned until this evening at 8 o'clock.

[The House recessed at 5:30 p.m.]

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[The House reconvened at 8 p.m.]

[Mr. Speaker left the Chair.]

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COMMITTEE OF SUPPLY

[Dr. McCrimmon in the Chair]

MR. CHAIRMAN: The Committee of Supply will come to order.

Department of Municipal Affairs

MR. CHAIRMAN: Dr. Backus, do you have a report from your committee?

DR. BACKUS: Subcommittee B has had under consideration the following resolution:

Be it resolved that a sum not exceeding \$69,187,568 be granted to Her Majesty for the fiscal year ending March 31, 1976, for the Municipal Affairs department.

MR. CHAIRMAN: You've heard the report of the subcommittee. Are you agreed?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Mr. Minister, do you have any opening remarks?

MR. JOHNSTON: No, Mr. Chairman. The appropriation was covered in subcommittee. I'll be willing to answer any further questions as they may arise.

MR. CHAIRMAN: In light of the fact that this appropriation was gone through in subcommittee, are there any specific appropriations you wish discussed? Do you want to go through them all, or do you want to pick specific appropriations that you wish discussed, go through numerically any you wish done, if that is the way you prefer it.

MR. CLARK: As far as we're concerned, if you simply want to call the title and preamble, then we refer back to any one we want, rather than calling each appropriation individually, that's quite all right as far as we're concerned.

HON. MEMBERS: Agreed.

MR. CHAIRMAN: That is agreeable to the Chair. If you'll turn to page 112, Total Income Account, \$69,187,568. We won't call a vote on that, if you'd like to go ahead.

MR. CLARK: Mr. Chairman, I'd like to ask the minister if he would outline what he has in mind with regard to Vote 2106. The Member for Calgary Mountain View raised the question with regard to assessment the other day, one or two of the other Calgary members did, and I know of a number of situations in my own constituency. The reassessment in my own particular constituency is causing a real problem from this standpoint: much of the land of the county has been reassessed [as] small holdings. And not only small holdings, but up to a quarter section. If it hasn't been considered agricultural land by the assessor, the land is being assessed as not agricultural. At the same time, in some cases subdivision applications have been turned down because the land is agricultural. We have situations where the assessment has increased as much as 8 or 10 times. I appreciate the minister can't have the answer to those kinds of questions right off the top of his head, but I wonder if he would give the House some indication of what he has in mind, as far as looking at the assessment area this year. What about the assessment manual? I believe one official of the department indicated the department is considering some changes assessmentwise, so perhaps we could start there, then [proceed with] questioning.

MR. JOHNSTON: Mr. Chairman, I'd be pleased to reply to the assessment questions by the Leader of the Opposition.

In a general sense, the various specific items referred to are the peculiar problems facing the assessment in the rural areas of Alberta, as those people living in the urban fringe area move towards larger holdings on the outside of the metropolitan centre. Of course, with that goes the attendant problem of assessment.

As you know, the property in Alberta has historically been set at approximately \$40 per acre on an assessment basis, which on a market base would work out to roughly 13 to 18 per cent. Of course, we can't apply that, as a market rule, to small holdings. Therefore, we get into the problems of assessment. The hon. member is indeed quite right that the increase on small holdings in these urban areas, or in small holding areas, has been very rapid, in some cases almost exponential.

With that is the problem of assessing the farm home or the home on top of the small holding. I suppose the only real remedy we have here is: (a) to challenge the market value of the farmland, or (b) to look at some new way of determining the assessment for the small holdings.

Again, this is one of the items which will have to be considered by the Provincial Municipal Finance Council, as we are receiving so many requests for review of this particular problem. I really can't give a short-term reaction to it in terms of how we can accomplish a satisfactory remedy, but I would have to say that perhaps one of the things we will have to do is redetermine the definition of farm income for the assessment manual. This seems to be one of the posers facing us. As we move towards larger holdings, for example 80 or 120 acres, it's always difficult to say whether or not the individual qualifies as a farmer. Indeed, the test has been whether or not the asset or the estate really generates enough income to be termed a farm holding. In many cases this is illusory, or at best escapes us, because of the tax advantages and the definition of income, I suppose.

I really can't give a quick answer or reply to this problem, but it will certainly be considered, as we've had a tremendous amount of reaction to this problem in Calgary, Edmonton, and other areas.

As to the adjustments to the assessment manual itself, I would have to say that likely there are some -- inconsistencies, I suppose, might be a general word to describe it. I would refer perhaps to such things as railway tracks, which are certainly underassessed, I believe, in terms of their market value. I would also have to look perhaps at the question of pipelines, which may well be -- the rate may not be applicable in an inflated sense, but again, these are the type of items my friend, the Provincial Municipal Finance Council, will be dealing with. For me to make a short-term recommendation, of course, without working with the council, I think would be out of line in terms of my position.

MR. CLARK: To the minister. I appreciate how he feels that the Provincial Municipal Finance Council may well be interested in this area, and well they should be. Could I simply make this comment, and I make it as it refers to my own particular constituency. A large number of people are small holders in that area. If the assessment presently levied is continued, we are going to end up in a situation where, in fact, very few people will be able to afford quarter sections or smaller holdings.

Let me make the situation just a bit more serious. You have a number of people right around the Town of Olds, for example, and to a lesser extent around the towns of Carstairs, Didsbury, and Sundre, who may have 10, 15, 20, or 80 acres. With their taxes increasing to the amount of \$100 a month, there is just no way on this green earth, with all due respect, they are going to be able to continue to live in those kinds of circumstances. So, those small acreages will have to be sold. It isn't good agricultural land, in all cases, either. We are going to have people living there, either very well-to-do or retired, who, with all due respect, aren't going to help build those communities.

I guess I am trying to say to the minister that, for some reason, it has caught up with us in the County of Mountain View this year. On the other hand, if you compare what people in the ID just north are paying, there is no comparison at all. You compare it to Calgary rural or the M.D. of Kneehill to the east, and this is what makes the people so darned upset. Compared with these three other areas, also the County of Red Deer, their assessments in the County of Mountain View are just much, much higher.

I don't expect the minister to have an answer this evening. What I am trying to do is brace him, because he is going to get more than a nice friendly delegation of people who are darned concerned. I'm not particularly mad at the minister, nor particularly pleased with him, either. The same thing is true as far as the county is concerned, and as far as the MLA is concerned. They're not really blaming anybody. They're just saying, how in the world can this be the case just in Mountain View, when it's not the case in the three or four jurisdictions around?

If the thing continues the way it is, the result will be that well-to-do people from Calgary or Red Deer -- and one can look at some occupations -- will be able to own small holdings, and people who have lived there for years and years, and perhaps have worked at the college at Olds, or worked off their land in those other centres, are simply going to have to move into town and take up rented accommodations. That's not a very good situation.

MR. DOAN: Mr. Chairman, counter to what the Leader of the Opposition has said, I think something should be said on the other side of the coin.

I too have a lot of small holdings in my constituency. The cry of our farmer ratepayers has been: these people are carrying the people on small holdings. They go out today on the small holding of 20 acres or so and pass as a farm holding. They get by with farm tax at \$40 an acre, and they don't pay any taxes to speak of. If this is now changed so they are assessed on the same basis as town property, they will be paying no more than people living in town. If they want to move to town, that's their prerogative. But I maintain the other ratepayers are carrying these small holdings today. I think it needs some readjustment.

MR. ZANDER: Mr. Chairman, as I see it, I think the problem for a long time has been the use of the assessment manual.

In the interpretation of an assessor's manual, the assessor can make four classes of a certain building, if he wants to. He can reclassify a building by standards called for in a manual, whether it's a bungalow or whatever it may be. I think as long as we are dealing with human beings, the interpretation of the classification will only be determined when we all become of equal mind, and that would be a bad state of affairs.

Mr. Chairman, I think the review of the manual is long overdue.

AN HON. MEMBER: Hear, hear.

MR. ZANDER: Very long overdue. I think that manual has been in use for some 7 to 10 years. At times, it has been revamped to some extent. I think it's time we instruct the assessment branch, or somebody who has the authority, to bring this manual up to the modern standards as it applies to buildings today. Unless we do that, I think we're going to run into more difficulties as the total assessment of the various municipalities proceeds.

Mr. Chairman, the minister has also mentioned the \$40 per acre, depending on where the land is located, and the classification of the soil. We find some of those lands in the

brown and black soil zone areas, depending on where they are, can run as high as \$56 an acre.

Since we're going into general assessments in various parts of the province, and we're still using the old system, the old manual, the old system of reassessing, we're going to find ourselves in difficulties somewhere down the line.

I think, as the hon. Member for Innisfail has said, the small holdings -- I can only point this out to you, Mr. Chairman, and to the members of the Assembly, that by and large, the hon. member is correct. A person who has an \$80,000 home sitting on a 7.4-acre acreage, being classified as a farmer, will be paying \$7.34. The hon. Member for Olds-Didsbury can shake his head, but it is true.

MR. CLARK: Not in our area.

MR. ZANDER: It is out here. What I'm saying is, I think we have to take a look at these small holdings. You can take them around every large centre, you can take them around every small centre, and you have problems. The person located inside that village or town is paying a fairly substantial price in his taxes. As long as the person living on an acreage in a county or a municipality can be classified as a farmer, he is paying substantially less. The rest of the taxpayers in the county are carrying those small holdings. I think we have to have a look at it. The counties have been screaming for years to have this rectified. You can go into the County of Strathcona to the south and east of us, you can go to Parkland to the west of us, and the problem is there, we have to face it. They've been wrestling with it for years.

I don't see why we can't come to a definition of what constitutes a farmer. Why can we not say, a farmer shall make his principal livelihood from the cultivation of the soil? I know the regional bank manager from one of the banks is living on a quarter section. He has, approximately, a \$100,000 home there. He's classified as a farmer, because he has 10 horses running around on it. He pays a nominal tax. Yet in the City of Edmonton, that house would be substantially taxed.

I think we have to come to grips with this sooner or later. If we can't come to grips, within the next few years we're going to have a revolution in the municipal organizations. They're saying, give us something so we can come up with some ways and means of establishing what we call a farmer. I have to agree with them. I can take the hon. members out just west of the City of Edmonton where a person living on 7.4 acres is classified as a farmer and pays about \$7 in taxes. I don't think this is right. I think we have to come to grips with it. I feel if we don't, somewhere down the line -- I think we've been asked time and time again by the municipal bodies, both urban and rural, to try to come to grips with it. I'm certainly hoping, in the next year or so, we can come to grips with this problem, so we can satisfy the municipalities concerned. It certainly doesn't help the urban people, and it doesn't help the rural people either.

MR. TAYLOR: Mr. Chairman, my comments aren't on small holdings, at least they weren't going to be until I heard the last speech. I want to just make one or two comments, and then go to two other points I would like to raise.

I realize this is something that's going to have to be faced and looked at, but I'm certainly suggesting and hoping that the solution won't be to say we will simply tax all the buildings of all farmers in order to solve the problem, if that would solve the problem. It seems to me that those who are legitimately farming and getting more than half their income from farming should not be penalized in order to try to catch somebody who is a millionaire, or who is well-off from some other source of revenue and is building a farm home for the enjoyment of it, incidentally securing the benefits of a farm. If it's done deliberately, I don't think any of us has any sympathy with a man, whether it's a doctor, lawyer or anybody else, who goes out to evade taxation by building on a small holding. Many do not do it in that way, and many are not rich or well-to-do people. I'm just suggesting that simply saying we'll tax all farm buildings of all farmers is not going to solve that problem. It is going to penalize the legitimate farmer whose buildings are part and parcel of his operation.

The second point I would like to mention involves the size of a council in a village. Under our legislation and The Municipal Government Act, a village has three councillors, including the mayor. If the population is over 500, it may, by by-law, have five councillors. I'm speaking now primarily about the villages which do not have a population of 500. Most of these villages have farm representation. Many times, the councillor is a farmer.

The Village of Standard, for instance, last year and this year -- for a number of years in spring and harvest, and [during] busy times on the land -- had a most difficult time getting a quorum. So the business just can't go ahead in the village, and it is important that many things do go ahead. A farmer can't leave his seeding operation. Sometimes we have people who are closely associated with farming. They just can't leave their place of business. So the village council can't operate, and the business of the village is inconvenienced.

I believe the urban government association at one time passed a resolution asking that a village with a population of less than 500 have the option of a five-man council if the situation warrants it. I would certainly urge the hon. minister to consider an amendment to the act, putting all villages in the same categories with those that now have a population of more than 500.

The third point I would like to mention, in order to save time, is the matter of the Local Authorities Board. The Local Authorities Board is a highly knowledgeable group of people. They have the right to say to a municipality, you may not borrow. Sometimes a city, particularly a growing city, is put in a very precarious position when the Local Authorities Board says, you've reached the maximum of your borrowings. Yet another department may say to that council, you have to carry out certain works.

For instance, the City of Drumheller is in a bind, and I hope it can be resolved, because they have reached the maximum of their borrowing. The Department of Environment has told the city, and properly so, that they have to deal with their sewage system, which is going to cost a very large sum of money.

I think this type of thing can be dealt with by each individual case, to a very large degree, if there is some leeway on the part of the Local Authorities Board or the minister.

MR. STROMBERG: Mr. Chairman, I just wanted to bring to the minister's attention a problem which I suspect happens in a considerable number of counties in Alberta, and certainly in the County of Camrose. This is representation on school committees. The 7 councillors automatically sit on that committee. They represent 80 per cent of the population but only have 50 per cent of the vote. The 7 school committee members from the villages and the hamlets have 50 per cent of the vote and only represent 20 per cent of the population of that county.

Of course, with the plebiscites now taking place, and especially the ones being defeated, constituents and taxpayers are knocking on my door and bringing this unequal representation to my attention. I don't know what the answer is. I believe when the counties were formed, after a trial period of 3, maybe 4, years, ratepayers had the opportunity to petition for the right to go back under municipal government. Perhaps we [could] give the counties the option that in any given year, X number of ratepayers could petition to go back to the municipal type of operation and the school committee would then be elected by all residents within that county. I would like to know the minister's viewpoint on that problem.

MR. ZANDER: Mr. Chairman, I wanted to touch briefly on the planning board and 2125, on the problems that arise not only in the regional, but also in the provincial planning boards.

To give you an example: a certain individual sitting down with the town council planning a subdivision. This land was suitable only to what they arrived at would be the ultimate plan of this subdivision. It complied with the town's wishes. It complied with the county's wishes. It then came to the Edmonton Regional Planning Commission. You must remember, Mr. Chairman, this is 100 miles removed from the centre. We must remember also the make-up of the regional planning commission. It was turned down, although it had been approved by the granting authority and the town involved.

It came to light at that time that the City of Edmonton has certain members on the Edmonton regional planning board, and other members like Fort Saskatchewan, St. Albert, Leduc, and what have you. Mr. Chairman, I can only say that I think the planning is good, but the way the regional planning boards operate in the rural areas -- so far removed from the centre, with no representation, they are outvoted by every way, means, and shape, stopping the subdivisions, although they have been approved by the granting authority.

In this case the granting authority and the town both agreed to the subdivision and, of course, it was turned down by people who had never seen the subdivision, didn't know where it was, and were 100 miles removed from the scene of the subdivision. None of them had any knowledge of it, yet they turned it down.

My point, Mr. Minister, is this. I think the appeal of last resort should go to the granting authority, provided there is agreement among other towns and other municipalities surrounding that subdivision. Consequently, the appeal has to go to the provincial appeal board which takes about two months, and eventually it's approved by the provincial appeal board anyway. This is one step we can save where the municipalities are frustrated in their effort to get their desks cleared of paper.

I'm sure that whoever is going to write the new planning act -- and I certainly hope it isn't the man I am thinking of. But if he is, I would say, Mr. Minister, no, please not. I don't want to mention any names, but I think the plans should come from local governments, not from an individual who is retired and doesn't know what he's talking about in the modern age of planning.

SOME HON. MEMBERS: Agreed.

MR. JOHNSTON: Thank you, Mr. Chairman. I thought I would touch on two or three of the items to be sure I perceive the ideas you have been trying to get across to me so eloquently and so precisely for the past few minutes. Certainly, in the case of the hon. Member for Olds-Didsbury, I do have a very clear understanding of the type of problem we're facing in that area. It is one which will require a great deal of work to determine an equitable arrangement.

A few things cross my mind as I talk about the area of assessment with respect to small holdings. What has been referred to by one of the other hon. members as well is the definition of farm income. This is an illusory definition because, as we know, within the taxing act there are methods of delaying income, deferring income, and special methods of measuring income -- somewhat of an accounting concept, but I don't want to get into that too much. This has been part of the problem we're facing here.

I don't really think that land holdings in terms of quantity need be the criteria for suggesting whether a holding or a parcel should be farmland. Nor do I really want to get into the problem of defining or dealing with the contentious issue of whether taxing problems or policies reflect policy with respect to development of land, which I think was what the hon. member was talking about. I suppose in his case he suggested, with respect, that the land was not of a high arable nature. Therefore the taxing policy was perhaps not a directive policy insofar as we're not trying to drive people from the land.

I know in my own case, I wanted to live on an acreage and found I could not do it. It was financially impossible for me. So not only do I recognize the problem, but indeed I have empathy for the situation.

I might add, however, that I did receive an interesting comment from the people in Rockyview when they suggested to me that the land had been underassessed, as opposed to overassessed. So I do get both sides of this scale, almost on a continuum, I suppose. But certainly the problem has been driven home to me.

The hon. Member for Drayton Valley made two or three comments. I think I have to admit, as the hon. Member for Drumheller suggested, that it might not be equitable for the assessment manual or the assessment process itself to tax the improvement on the farmland, that is the farm buildings. I do recognize, however, that the farmer is in a position to write this off from his income, that is, property tax is an income-deductible item, and not in the same manner as the small property holder can.

I do not at this point think it would be wise to move into the taxing of farm buildings. Now this is really my own feeling. It has been recommended and is under consideration, I might add, to make it equitable across the province. This is one way we could share the distribution of assessment throughout the province.

The hon. Member for Drayton Valley also mentioned, of course, the current problem with The Planning Act, the subdivisions, with the fact that we are not decentralized to a sufficient extent to consider the peculiar problems of a local character. I can only say that with respect to our organization, the Provincial Planning Board, which provides assistance to those nonparticipating communities, it is our short-term policy to decentralize to some extent, that is, to locate a member of our planning board within a community. This, we feel, might suffice. It might provide an immediate solution to this peculiarity.

I have to admit, of course, that we are also facing the problems of subdivision, generally, across the province. The hon. Minister of Housing and I, on many occasions, have attempted to short-circuit this process, or at least to speed it up, or to contract it, so as to allow this process to move in a more expeditious manner. At this point, we are considering the subdivision transfer regulations. Hopefully these will be one remedy to speed up this subdivision process.

One final comment with respect to subdivisions might be appropriate. I think there is an indication or feeling that unless the subdivision plan or process is correct to the nth degree, to the very final letter of the lines as they refer to them, there is a tendency on behalf of some regional planning commissions to deny the application, merely on this technicality. It is my own feeling, however, that notwithstanding these small errors, these subdivision plans should proceed and allow the catch up to take place at some later date. Many of them are merely technicalities and essentially of a very small nature. I think we could probably shorten the circuit if we proceeded without holding up on technicalities. This is in the bill as well.

The hon. Member for Drumheller drew my attention to the difficulty of the local authority administering its business and the affairs of a town in a very crucial area. The decentralization of this decision down to the town level is critical to the operation of the second level of government across the province. I have to agree with him. Perhaps we could introduce an amendment which would ease the restriction in terms of this arbitrary interval, where, if the town does not attain X number of people, it therefore cannot have the simple variable increase to five. This is a very good point, and I must say, I'll consider this. Indeed, I have seen a case even more peculiar, wherein one town was administered for a short time by one person. I think at this extreme we can't move in that direction either.

We have had a comment with respect to Local Authorities Board. I must concur with the gentleman, indeed we do have very highly qualified people operating this board. To this extent, I think we are doing two things in LAB, as you know. Not only are we dealing with the question of screening applications, but we are dealing with the question of annexation problems as well. It should be noted that, wherein an order is issued with respect to environmental pressures, and I'm sure the Minister of Environment can correct me here, the Department of Environment may have to pick up these costs, if it's on a public health order, but this is a last resort.

Those essentially summarize, I think, most of the comments which were applicable to the Municipal Affairs vote. If there are any others, I will gladly entertain.

MR. CLARK: Mr. Chairman, I wonder if I might just ask the minister to comment on three additional areas. Particularly on one or two he may want to take under advisement and follow them up.

One is this question of mobile homes. Once again, it gets into the problem of how one jurisdiction will let a second and third mobile home into a farm yard, and other counties -- I think primarily of counties or IDs -- will say, no.

Now I've discussed this matter with the people of the Red Deer Planning Commission. I wouldn't want to put them on the spot at all, but I get the impression they feel they may

be the only planning commission in the province which is really administering the law, according to the law. Nevertheless, you have a situation where, in that part of the province, and particularly, once again, in the County of Mountain View, the interpretation of the Attorney General's department is very rigidly enforced: there shouldn't be a second home in a yard unless that person is involved in agriculture.

Perhaps the worst example I can think of pointing out is the situation where parents moved up from the Turner Valley area to the Sundre area, and wanted to live in a mobile home in the yard of their son and his family. The thing has been turned down. Unless something happens, they will end up in one of the new senior citizens' accommodations the province is supplying in Sundre, which in the long run just seems to be not good from a number of standpoints.

I wonder if the minister would take it upon himself or the department, to check to see the inconsistencies in the way this is being administered across the province, and perhaps then come forward with some way in which this can be straightened up.

Just two other quick points. Dealing with the assessment appeal board once again, it is my understanding that some appeals are as much as two years behind in being heard. Is there some way we can, in fact, speed that up? I can once again give the minister some examples if he wants, out of the House.

The third and last matter is this question of subdivisions. Once the subdivision is approved by the planning commission, for the life of me I can't understand why it takes so long to get from approval through Municipal Affairs, through Highways, through Land Titles. Now it just may be that I don't understand the process very well. I'd really be pleased to have it explained to me. I just can't understand why it takes about 3 months.

DR. BUCK: That's quick.

MR. CLARK: Once again, I could give the minister some examples. Seriously, I can point to several situations where it has taken about that period of time, from the time it's approved by the planning commission, from there to Municipal Affairs and over to Highways, then from Highways down to the Land Titles Office, then back to the surveyor, and finally into the people's hands. When a person is paying interest on short-term money at the bank, it's just a heck of a long period of time and a lot of payment.

MR. PURDY: Mr. Chairman, just to follow up what the Leader of the Opposition pointed out, I'd also like to ask the minister why only one appeal to the Provincial Planning Board is allowed, after rejection. Sometimes there's a technicality and so on, but they must wait one year for an appeal before they can reappeal.

MR. ZANDER: While the minister is answering that question, I wonder if he can clarify the position where some municipalities do give industry or commercial development some tax concessions while the industry is under construction. The others turn around, and the minute the plans are filed in the municipal office and they have the footing in for the building, the assessor is already busy assessing it. I wonder if a uniform assessment can't be applied, at least to give the industry or the commercial development some tax concession until the day they open the doors for business. At least give the industry a chance to get off the ground and not hit it in the head while it's starting to crawl out of the ground.

DR. WFBPER: Mr. Chairman, some of our rural members have been discussing the effects of assessment on some of their constituents. For the record, even though I've spoken to the hon. minister on this matter, I'd like to outline briefly the effects of recent reassessment in Calgary on single family home owners in my riding.

In this reassessment, the land values increased substantially in relation to the building values. On the basis of 36 cases I looked at, the 1974 land to building assessment ratio was 1:2.7. In 1975 it is 1:1 for single family residences. On the basis of this, the greatest percentage tax increases generally occur for those whose increased land value is high in comparison to the change in the building value. Thus the owners of smaller homes in the older communities of the city, with the large increase in land assessment, have felt a greater tax impact than the owners of larger homes in the newer areas. In several communities in my constituency, the percentage change in land assessment was well over 200 per cent.

In looking at the 36 cases and dividing them into 4 categories -- high land value, high building value, high land and low building, and so on -- it turned out there were substantial tax increases for those categories with high land value and low building value, and low land value and low building value. It can be argued that in spite of these tax increases, the value of the property is much higher than it was before. However, it is difficult for many citizens who live in that area to withstand a substantial increase in a cash outlay for taxes, even though the paper value of their property is much higher. Thank you.

MR. JOHNSTON: Mr. Chairman, before I move the resolution, I would just like to make two or three quick comments. I think they are germane to what we are discussing here, and germane in a larger sense to the type of discussion which I think we have been looking at in the last two months.

Let me say to the hon. Member for Olds-Didsbury I would indeed appreciate the specific item he is dealing with. I have recently investigated two or three specific examples of

the mobile home location problem. I have to admit that in some cases there are exceptional circumstances, and they have effected an extreme hardship in many cases. I have several examples of that as well. I think it is really the responsibility of the municipal district or the local authority to apply the laws as they stand. I think there has to be some other reasonable method of, perhaps if not circuiting it, at least making a short-term adjustment until we can accommodate them. I have to agree, of course, if we don't accommodate them, there are the attendant problems of finding suitable accommodations which are probably of marginally higher cost. The point is well taken. But, indeed, I would appreciate a couple of examples in the two areas because I would like to investigate them for my own purpose.

I suppose in answer to the hon. Member for Stony Plain, I would have to say we are always dealing with triflers, although I am not making a specific recommendation that his example is a trifle. We have to make the situation difficult enough so we do eliminate those planning applications which are not substantive. I do believe the appeal process is at three levels in most circumstances, and there is ample opportunity for redress, examination, and discussion. Therefore, I think it is reasonable at this point, that a one-year delay be instituted and continued, to provide not only a time lag, but certainly the opportunity to assess every application. Indeed I would undertake to discuss this further with the hon. member, with my people.

The hon. Member for Drayton Valley mentioned tax concessions during construction. I think I'll take this under advisement as well, although I suppose I could argue that the implication of property tax need not be an important concession in determining industrial location. There is a dearth of information in this area as well.

Finally, with respect to the hon. Member for Calgary Bow, I would have to say, indeed, I understand the very important problems. Solutions are not as easy in this case. The solutions seem to be some forms of tax deferrals, specifically when we're dealing with the low improvement, high land value. I suppose the general comments I made before, with respect to using property taxation as a means of directing development, are really applicable in this situation. I have had a lot of complaints in this area. I appreciate the research the hon. member did, and I am certainly looking forward to finding some means of solving this problem.

MR. CHAIRMAN: Are there any further questions on Municipal Affairs?

Total Income Account agreed to:

\$69,187,568

MR. CHAIRMAN: Mr. Minister, would you like to move the appropriation?

[interjections]

I think you're a little late. The appropriation has been passed.

Mr. Minister, would you like to move the appropriation.

MR. JOHNSTON: I move the resolution be reported.

[The motion was carried.]

Department of Education

MR. LITTLE: Mr. Chairman, Subcommittee A has given consideration to the following resolution and recommends the same to the Committee of Supply:

Resolved that a sum not exceeding \$453,523,900 be granted to Her Majesty for the fiscal year ending March 31st, 1976, for the Education department.

[The motion was carried.]

Appropriation 1301

MR. KOZIAK: Mr. Chairman, the matter was dealt with in committee on Tuesday evening. The only thing I might want to do at this time, Mr. Chairman is -- the hon. Leader of the Opposition asked me a question about percentages, and I have some information for him. I could provide it either now or, if we're going to go through the Department of Education estimates appropriation by appropriation, I could wait till we come to 1303. Perhaps, Mr. Chairman, the . . .

AN HON. MEMBER: We'll have it now.

MR. KOZIAK: now? Thank you.

Mr. Chairman, the hon. Leader of the Opposition requested the percentages of contributions of the provincial government and the supplementary requisition toward the cost of education in the Province of Alberta over the past 5 years. Mr. Chairman, I'll start with 1970 and take it right through to 1975. I must warn the hon. members that the 1974 and 1975 figures will have to be estimates at this time. They may be more accurate a year from now, but at the moment that's what I must rely upon.

I'll be relying on 3 columns. First of all, 11.5 per cent of the educational expense was covered by supplementary requisition in 1970.

MP. YOUNG: Mr. Chairman, for clarification purposes, may I ask the minister this: do the percentage figures we're now getting compare to the dollar figures in the minister's advisory committee report?

MR. CHAIRMAN: Perhaps you could ask the minister that after he has completed his report.

MR. KOZIAK: Mr. Chairman, I can deal with that concurrently. Table 1 of the report of the Minister's Advisory Committee on School Finance contains the dollar figures but does not contain a percentage figure. I'm now supplying the percentage figures.

The total local contribution, which included the school foundation program fund mill rate levied in 1970 on all properties -- the total supplementary plus the other was 39.9 per cent. The provincial contribution was 57.6 per cent.

In 1971, the supplementary requisition increased very slightly to 11.6 per cent. The total paid by all property taxes decreased slightly to 39.2 per cent, and the provincial share decreased slightly to 56.9 per cent. In some of these cases, the figures won't round because of the intricacies involved, but I think the trend will be shown as I go through the calculations.

In 1972, the supplementary requisition increased to 12.5 per cent; in other words, the local supplementary requisition paid for 12.5 per cent of education costs. The total supplementary plus SFPF requisition amounted to 39.7 per cent of the education costs. The provincial portion dropped slightly again, to 56.2 per cent.

In 1973, there was again a slight increase to 12.9 per cent for supplementary requisition. The total of the supplementary and the SFPF was 39.8 per cent. Then the provincial contribution was 56.1 per cent. That 56.1 per cent would be the lowest provincial contribution of the 6-year period I am going through.

In 1974 -- now this is an estimate, Mr. Chairman -- the supplementary requisition increased from 12.9 per cent the previous year to 14.9 per cent. However, because of the Alberta property tax reduction plan, the total funds provided by property tax for the purpose of education dropped from 39.8 per cent in '73 to 27.9 per cent in 1974. The provincial contribution, as a result, increased to 68.1 per cent from the previous year's 56.1 per cent.

For this year, Mr. Chairman, the estimate is as follows: the portion of the education costs that would be paid by the supplementary requisition would go up slightly, to 15.1 per cent. The total contribution of all property taxes, including the SFPF requisition, would be down from 27.9 per cent to 24.4 per cent. The provincial contribution would be 71.9 per cent, or the highest it's ever been in the 5-year period I have outlined.

Now, even though we are experiencing increases in supplementary requisitions, some of the reasons for the decline in the overall proportion of education costs borne by property in 1975 over 1974 are: one, the SFPF supplementary requisition is dropping from 28 to 26 mills. So in that sense, property taxes are providing less of the funds. A second reason for the increase of the provincial portion is the fair share plan -- the supplementary requisition equalization plan. Third is the elimination of even more properties, in 1975 all farm properties other than corporate farms, from contributing to the SFPF.

MR. NOTLEY: Mr. Chairman . . .

MR. CHAIRMAN: Just a moment. Is it your wish that we go through Education in the same way we went through Municipal Affairs -- go directly to total income account with the option of going back to specific appropriations?

HON. MEMBERS: Agreed.

MP. NOTLEY: Mr. Chairman, I would like to raise a number of comments and questions with respect to the Department of Education estimates.

Mr. Minister, one of the recommendations in your advisory committee report on school finance that I can certainly support wholeheartedly is Recommendation No. 37, that provincial limits on supplementary requisitions be removed. I can tell you from first-hand experience that the problem which arises in a school division when a petition is successful, and a plebiscite or referendum is called, is almost unbelievable.

What happens is that you pit one community against another. You do not get the best kind of discussion about the future of education, but often the thing degenerates to a discussion of the superintendent's salary or the salary of the secretary of the school division. As I said before, you get competition between communities -- one community saying, well we'll vote against the supplementary requisition increase because we should close down X school. Of course, their children don't go to X school.

The problems created within a school division by the referendum approach, by the ratepayers second guessing the decisions made by the locally elected representatives, put those school trustees in an almost impossible position.

Last fall, a good deal of provincial money went into an advertising campaign from one end of the province to the other to induce people to run for school trustees. But as long as you've got a second-guessing procedure, which is what the referendum essentially constitutes, you put those trustees in a very difficult position indeed.

I raise this -- I don't know how big a problem it is elsewhere in the province, except we have had examples brought to the attention of the Assembly during the course of this Legislature where referendums have been voted down, and as a result, school divisions have had to consider cutting services, extra busing, reducing the number of teachers, cutting out quality programs, in some cases closing schools. Of course, that creates nothing but hard feeling and real problems.

Mr. Chairman, the issue, it seems to me, in rural Alberta anyway, is that there has to be a restructuring of the foundation grant program. The minister can say that as of Mr. Hyndman's announcement in January, there was a recognition of that need for restructuring. We now have provision for low assessment, we have some provision for declining enrolments, and we have a special grant for small schools. But the problem, Mr. Minister, is that when you apply the regulations that have been drawn up for these programs and fit them to the school divisions in the province, they still leave a great big gap. That gap has to be made up by a substantially increased supplementary requisition.

There have just been some horrendous increases. Let me give you an illustration by citing the Spirit River School Division. The Spirit River School Division had a supplementary requisition last year of approximately 22 mills. In order to balance their budget, they had to do two things: they had to use up their accumulated surplus, and they had to increase the supplementary requisition by 10 mills to a total of 32 mills. Needless to say, that's going to a referendum, and I wouldn't want to bet any money on that referendum passing. The problem is: what's going to happen if the referendum is voted down? The Spirit River School Division is going to have to look at the options, and none of those options is going to be good for the education system in that division. You can cut teachers, you can close down schools that are presently operating, you can reduce the quality of your bus service.

This afternoon, just before the Legislature sat, I had a young chap in from an area in my constituency who has a child starting Grade 1 next year. In both divisions in my constituency there's a practice in wintertime to have the bus go in and pick up the children so they don't have to wait outside perhaps half a mile or three-quarters of a mile from home. That can be eliminated, and some money will be saved. But at what price? That's the sort of situation the division, both divisions, are in.

I suspect, Mr. Minister, in reading over the annual report of the Department of Education, and looking at divisions all over this province, that a large number of them are in precisely the same predicament at this stage as the two divisions in the area I represent. That is, there is going to have to be a request for a substantial increase in the supplementary requisition, far over the 15 per cent allowed by the guidelines. There's going to be a request for a plebiscite, and when that plebiscite occurs, the chances of it being voted down are, in my view, almost overwhelming.

So I suggest to you that what was announced by the former Minister of Education in January or February, I forget the exact date of the announcement, was a useful beginning in terms of assessing a principle. What was wrong with that announcement was that insufficient funds were directed toward it. There's nothing wrong with the principle of making provision for declining enrolments. That's a good one. But when I look at the regulations, when applied to divisions with declining enrolments, they don't provide the cushioning required in order to maintain quality programs. There's certainly nothing wrong with a program that equalizes the assessment concept for supplementary requisitions, so that a division that has a very low assessment can, in fact, have more money coming in, admittedly from the province, to broaden the amount of money they would get if they increased the supplementary requisition in an area of high assessment. But again, enough money has not been made available to this particular program. So when you apply those regulations to divisions with low assessments, you still find they're in trouble; perhaps not quite as desperate trouble as they would be without the programs that have been announced, but certainly not in the kind of position where they are able to maintain the level of programming without asking for a substantial increase in supplementary requisition.

Mr. Chairman, what I'm really saying is that the principles enunciated in the winter are worth while, but before those principles can be of much value to the education system, we have to pump sufficient additional funds into the program so that, in fact, the regulations, when they are applied, are meaningful to these rural divisions. I've argued in this House before that the old per-pupil grant system isn't good enough for rural constituencies, especially where you have higher costs. Your costs of maintenance in the schools are higher. Something as simple as heating costs in the north is substantially higher than in the south. Your busing system is totally different where you have good roads compared to some of the cow trails we have in northern Alberta.

When you add all these things together, Mr. Minister, provision has to be built into the foundation plan to cushion those differences. Perhaps I should say, more than cushion those differences. You might even argue that the announcement of last winter cushioned the differences, but it didn't go far enough so that rural divisions are not put in a very serious spot.

I remember last September, Mr. Adair, Mr. Moore, and myself met with Peace River trustees on this very question of the funding formula. To a trustee, they made the case, and made it very strongly, that Peace River school divisions are all in trouble unless we basically change the structure of school financing.

Now another area I wanted to deal with -- it has come up periodically in the question period, but it is, I think, worth expanding upon because it also was discussed the night before last in the Municipal Affairs subcommittee with Mr. Henning, the commissioner for

northeastern Alberta -- is the support funding under the school buildings branch. Now we've heard that the funding program has been increased. I've read the announcement, and I realize it's gone up over what it has been in the past. This is the problem Mr. Henning pointed out: that construction costs, especially in the boom areas, are so much higher that it still leaves enormous unapproved costs which are not funded by the School Buildings Board. You can have approval from the school buildings board, but you're still left with one gaping hole.

Mr. Minister, I want to give you an example of one school in my constituency, the addition to the Savanna school. It's approximately 11,800 square feet. The total cost of building that addition will work out to \$518,000. There were four tenders. Now one of the problems in the remote areas is that you don't have the competition for bids that you can expect in a city like Edmonton. So there were just four tenders. They took the lowest one. The total cost was \$518,000, or \$43.94 per square foot. That was the lowest bid they got. The maximum support price under the School Buildings Board still leaves a hole of \$258,000 in unapproved cost. Now, Mr. Minister, that is not a 100 per cent financing or anything like it. It is slightly more than 50 per cent financing. It leaves the divisions which have to face that sort of problem in a very critical way.

You gave us some statistics for the last 5 years about the portion of the total cost of education that the province picks up. Again, let me cite building costs and final construction costs of several schools in this division. In 1970, a high school was built in the Town of Spirit River. The support price paid by the School Buildings Board was \$18 per square foot. The final cost came in at \$18.31 per square foot, so there was only 31 cents a square foot unapproved cost. Not a problem for the division. But by 1973, on the first addition to the Savanna school, there was about \$10 a square foot in unapproved costs. This year, the unapproved cost is going to be close to \$20 per square foot.

In my view, Mr. Chairman and Mr. Minister, we have to completely review the basic support price under the School Buildings Board, and we have to relate that to the reality, at least in northern Alberta. Where you have fewer contractors bidding on jobs, you're inevitably going to have a higher price. It's not fair that these divisions have to bear higher unsupported costs than other divisions in the province.

You mentioned in the question period several weeks back, as I recall, that certain bids in Calgary had come in under the \$24 per square foot cost. That may well be, but that's certainly not the case in Fort McMurray today. It's not going to be the case in many other areas in northern Alberta. I think we have to take a very close look at the School Buildings Board and the support level under it.

The other point I want to make before closing, Mr. Chairman, is that it seems to me it would be extremely unfortunate, while the government is receiving input on this report -- and I must say in reading it over, it's a good report; I agree with most of the recommendations in it. I think those recommendations, providing sufficient funding is put up to back them up, will go a long way toward resolving some of the problems I've cited tonight.

What concerns me is the interim period. What are we going to do in the areas where the plebiscites vote down the supplementary requisitions? You could say, oh well, it's just democracy taking its course. What does that do? What does that do for the quality of education in the systems where the plebiscite has been voted down? What happens? Are we going to permanently close down schools as a result? Are we going to reduce the program for a year?

I suggest, Mr. Chairman, that for this year the minister consider -- and I don't like to suggest special warrants; I have made as much criticism of special warrants as any member in the Assembly. But I think you must have some flexibility in dealing with the interim problems of those divisions up against it this year. I say an interim policy, because I assume we're going to have a policy in the fall which will remedy some of these difficulties. I think we need something in the interim so we don't find that in the divisions where ratepayers simply go out on the basis of, I don't want my taxes to go up and that's that! Besides, my children are through the public school system, or perhaps, they'll close down the school in the town next to me but not my own school -- that sort of attitude. I think if we don't do something, we're going to create a real problem in those rural divisions where this kind of thing occurs. It's going to be a poison in the communities. I think it would be extremely regrettable because it is the children in the areas concerned who will suffer. It won't make that much difference directly to the taxpayer who votes against it, but it's going to seriously jeopardize the quality of education in those areas.

So, what I'm calling for, Mr. Minister, is the flexibility for an interim policy to deal with the problem in the short run. I think we have to move with the recommendations in this report as quickly as possible. To make those recommendations meaningful, we have to provide sufficient funding so that the regulations, when applied, will make it possible to provide the same sort of education instruction in a far-flung rural district as we have in the urban areas.

I might just say, in closing, we hear all sorts of controversy in these areas that all the teachers are making far too much. The fact of the matter is that there are very few rural teachers in this province who earn as much as teachers in Edmonton or Calgary. If there's too big a disparity, you're just not going to get teachers to teach in the rural areas. You know that as well as I do. I think every hon. member in this House knows that. So it's not a question of teachers' salaries being way out of line in the rural areas compared to the urban areas. It's not a question in most of the rural divisions of having too much administrative staff. As a matter of fact, in most of the rural divisions

you don't have enough. In the Fairview Division we've got a secretary-treasurer, a bookkeeper and a superintendent. That's the whole shooting match.

One of the things the trustees in the Peace River country brought to the attention of the MLAs, was that there's an unfairness in terms of small divisions dealing with the bureaucracy of your department. Many of the programs which are contingency programs -- because their superintendent is too busy doing a hundred other things to sit around classifying the various grants the division may be able to qualify for.

I don't suggest that's one of the major issues facing education in Alberta today, but I am saying there's just not that much administrative overhead in most rural school divisions. So the old argument of cleaning out the fat, if you like, just doesn't apply. They're down to skin and bones right now. What I think we have to do is make it clear that we're going to put the bucks that are needed into education. I'm not here to blame you because you've just taken over as Minister of Education. The Premier has indicated he's going to give more attention to human resource policies, and I can't think of a better place to start than education. To start, Mr. Minister, I think we have to move quickly on completely restructuring this foundation plan and putting the necessary money behind it so we have, in fact, true equality of education in this province.

MR. COOKSON: Mr. Chairman, I feel a speech coming on. I didn't get a chance to talk on the last estimate. I'll leave that for next year. But I'll try to make it short.

AN HON. MEMBER: You do that.

SOME HON. MEMBERS: Agreed.

MR. COOKSON: I appreciate the support.

The Member for Spirit River-Fairview usually preaches gloom and doom, and I guess that's his prerogative. But I'd like to say to the minister that I'm really impressed with the increases we've been able to allocate for education. I'm looking at page 45 and the percentage increases in the various grants. For example, grants to the various jurisdictions throughout the province are up 31 per cent. The school foundation program and grants to schools are up 18 per cent. The early childhood education program grants have been increased by 57 per cent. The educational opportunity fund has been increased by 15 per cent. I could go on and on. I didn't get a chance to review some of the subestimates during the subcommittee studies, so I reserve the right, Mr. Chairman, to say a few words about the various subestimates tonight.

First of all, the grants to schools: I am proud of the fact that the government has been able to put emphasis on elementary education. That \$402 million, up 18.6 per cent from the year before, has got to be a tremendous increase, particularly in the area of elementary education. One of the things I found in my experience in the field of education, and we discussed it at the municipal level, was the very important fact that many of our children who have learning problems develop them at the elementary level. It is surprising to me that the former government was not able, for some reason, to put that emphasis where I felt it should be, and that was at the elementary level. So, those funds have now been increased considerably.

My one hope, Mr. Chairman, is that the various school jurisdictions follow through and make sure those funds are, in fact, used at the elementary level for various purposes: to upgrade qualifications of teachers; to reduce the pupil-teacher ratio if necessary; to provide supportive staff, counselling, speech therapists, and other forms of assistance at that level.

On 1310, I would like the minister to respond to one question, which I have never been able to understand. It shows the teachers' pension fund, in which the province pays \$14,500,000, a 20 per cent increase. I am not sure whether part of this is payments by teachers themselves. Is that amount reduced by the amount that comes from teachers throughout the province? It is a substantial amount of money. I never did understand why these pensions were negotiated at the provincial level, while many of the other working conditions, salaries, et cetera were negotiated at the municipal level. So, if you wouldn't mind responding to that . . .

I am very much interested in grants to private schools, because I have two private schools, probably the highest number of any constituency in the province. In 1314, your grant to private schools is \$1,248,000, up 44 per cent. In the constituency, I have the Dutch Reformed private school and the Seventh Day Adventist private school. I am quite impressed with the quality of education these schools are offering. These people are very independent in that they, at least, have parent participation in the school system. That's one of the things we had to sacrifice to some degree in the public system, especially when we went to the larger centralized school systems. These parents are personally interested in the quality of education of their young people. I would say they have a correct philosophical approach to education. Their record is second to none in graduating students. I think we should give them all the support we possibly can, in the form of monetary assistance.

I don't think they are asking for equal consideration with the public or separate school system. But they are asking for increases in relation to increases in the other systems, and some permanent security as the years go by. They stand all or most of their capital costs, and I have a presentation here that was made to me with regard to the relation between grants per pupil for private schools and grants per pupil to the public and separate school systems in the province. They relate fairly closely, except I'd like

to say this: for example, in 1974-75 in the Lacombe Christian School, the grant per student was in the area of \$230. The cost per student borne by the parents was in the area of \$350, for a total of \$600.

That is a considerable sacrifice on the part of parents to maintain their philosophy and their private school. Even when you total both the grant from the province and the cost to the parents, it is still considerably below the grant received for the public and separate school systems through the school foundation program. For example, in the same year, the school foundation program worked out to about \$900 per student. There you have a comparison of \$600 to \$900, and of the \$600, \$350 is contributed by the parents. I think all they're asking for is a good relationship with the province, a support system that can assure them from year to year how their finances are going to be met. I think they want to retain their individuality. When they get into the area of \$350 per pupil for parents, their costs are close to a prohibitive point. I think we should give some consideration to making sure they are able to continue operation of their schools. Members of the Assembly, I think we may go more and more toward private schools. I have mixed feelings about splitting the school systems, but I have some reservations about our public school systems as well.

The other comment I would like to make in this area is that when we set down formulas for special grants, and I understand there are some 15 or 20 of them now outside the foundation program, I'm a little critical of this kind of escalation too. But the private schools apparently don't qualify for the educational opportunity funds, the learning disability funds, and I think they receive only \$5 for school library instructional material grants, whereas in the public [and] separate [systems] it's in the area of \$15 per pupil. They ask the question: why are such funds not available to private schools? Finally, they don't receive any grants for capital expenditures and they don't really as yet have any legal status in the province. They're hoping this government will give some consideration to that.

So I would just like to say, Mr. Minister, you might give due consideration to those particular requests.

I'd like to raise just briefly the value of the county system in regard to school systems. I was one who supported the county concept, to bring school and municipal together in order to correlate the costs and make everyone responsible. I don't know whether I want to change that position or not, but the county system does have some deficiencies. Perhaps you might care to comment a little on this.

I've had some criticisms handed to me with regard to the role, for example, of the superintendent versus the municipal council. We know there is provision in the school committee for one or two at the most, depending on the relationship of the municipal council. In our particular situation, we have 7 and 7, I think. That makes a pretty large school committee. Conversely, to the submission by the Member for Camrose, the relationship between the assessment and the representation is actually in the reverse. So that point is not consistent.

Perhaps the minister might make some comment or prepare some study on the turnover of superintendents in the county situation vis-a-vis the school board situation, to see whether there is some concern in this area, and whether we should be having a look at some legislation, if this is a concern, to ensure that the school system is not downgraded because we are in a county system.

The other point I would just like to raise briefly is testing in the schools. I had mixed feelings when we withdrew standard testing in the schools. It wasn't just that it was important for the students. I didn't stress that point so much, as I thought it was pretty important for the teachers. A standard test across the province tests not only students but teachers.

For example, I could never understand why a potential honor student, we'll say in ninth grade, could receive honors or very close to honors in eight subjects, and yet totally fail the ninth subject. I've seen that happen consistently in schools. I've seen it happen consistently with a specific teacher. I'm making the obvious point that there are teachers incapable of bringing students up to certain standards. I've always felt that the standard test is a measure of that teacher, and that teacher would have to upgrade himself or herself if that person were not getting those students through those courses.

In our own particular situation, we have a person specially employed to prepare standards of testing within that county system. They have an organization, and they meet and compare outside the system. I think that's one step toward improvement. But I have some concerns about the smaller school systems which can't afford that, aren't able to do it.

It's not hard to pass everybody in a grade. You just lower your standard and everybody's passed. I'm getting concerned, and I know some at the university level are getting concerned, about the level of standards by which students are passing into the university level.

That raises the question of competent and incompetent teachers. I would like to ask the minister whether any legislative changes are contemplated to remove incompetent teachers. We have lots of them, but we have a lot of competent teachers. My concern is with the incompetent teachers. It is not a matter, Mr. Minister, of transferring that incompetent teacher from one school jurisdiction to another. That's no problem. The superintendent says, that's a fine teacher, you should hire him, and the other superintendent hires him and finds out he's incompetent there, too. It's a matter of either removing that teacher from the system or upgrading his qualifications.

It is a fact that some teachers will never make teachers. We have them in the system, and we don't seem to be able to remove them. At the present time, many of our school boards are employing certain teachers on a yearly basis. I know there's pressure to remove that provision, but I think that's the only way they have of protecting themselves against this problem.

The last thing I'd like to point out to the minister is this small pamphlet by Mel Hurtig. Some of you have had an opportunity to read this. It points out the serious problem about the lack of instruction in Canadian history in our schools. Much has been said about this. This was a standard test given in British Columbia and in Canada. The poor level of knowledge they had of Canadian content was appalling.

I just might read into the record some of the comments from the kids who wrote this test: "Most of the kids in my class will fail this test because the school system doesn't teach us this stuff". It adds: "Who is most at fault?" This is another one: "If they want us to know these things, why don't they teach them in school?" While this is an oversimplification of the problem, Mr. Minister, it goes on to say, and I quote again:

But the problem is not really with the teachers. The problem and the responsibility rests ultimately with three groups. In descending order of importance they are: the ten provincial Ministers of Education; the curriculum committees; and those who teach the teachers.

So I leave that thought with you, and hope we are able to do something to try to improve the knowledge of Canadian history.

MR. KOZIAK: Mr. Chairman, while I appreciate the comments of the hon. Member for Spirit River-Fairview, the problems of one particular jurisdiction do not necessarily apply universally to all jurisdictions, as the statistics I quoted at the beginning of my presentation bear out. I must admit though, of course, there are jurisdictions such as the ones pointed out by the hon. member which, because of their low assessments, find themselves in hardship when it comes to raising the local share of the education dollar.

For this purpose, the supplementary requisition equalization plan was developed, the fair share plan, and \$12 million is found in Appropriation 1303 exactly for that purpose. The lion's share of that money does go to rural rather than urban jurisdictions, the ones that need the amounts the most. I suppose it could be argued that not enough is being provided. That argument can be placed, I suppose, on almost any appropriation for any of the ministers' departments. It's a value judgment as to what and when enough is reached, and when it hasn't been reached.

The matter of school buildings support: there are two factors that must be weighed here. When we look at 1303, we see a substantial increase of 18.6 per cent in the amount of grants being provided for educational financing. That has to be looked at in the scenario of a declining rather than an increasing enrolment. You have fewer students to educate rather than more. When we look at construction of school buildings, we must look in light of that particular phenomenon; enrolment is generally declining rather than increasing. We are building schools for a declining enrolment.

The support provided under The School Buildings Act for financing school construction is reviewed every 6 months and adjusted to take the cost of construction into account. Generally speaking, what is aimed for is that approximately 80 to 90 per cent of the costs be borne by the provincial government, with the remainder borne by the local government. Admittedly, there are areas far away from the large jurisdictions which experience larger costs in school construction. For this reason, the school construction financing program provides for adjustments of 50 cents for every 50 mile segment that particular school jurisdiction lies outside a major urban center.

It may well be that in some cases it still isn't sufficient. At that point, a board must decide whether to proceed if a bid comes in substantially higher than the support the provincial government is prepared to provide for any school construction.

Examples exist of considerably higher bids in unusual freak times, not only in outlying communities but in communities very close to or within the boundaries of the larger urban centres. We can't develop a financing program to cover the freak situations. However, the matter is under constant review, with a 6-month change, and I think that's probably about the best that can be said for that particular type of financing. It's not something that takes place annually or every 3 years. The adjustments are made every 6 months, so it takes the real needs for school construction financing in the province into account.

The hon. Member for Ponoka pointed out that, whereas one may say the funds provided are not enough, on the other hand, you can quite easily say the funds provided are more than substantial, with substantial increases in percentages and dollar figures in many of the appropriations, particularly those in which grants to local boards are provided for.

The hon. Member for Ponoka posed a question with respect to Appropriation 1310. That represents the contributions by the provincial government to the Teachers Retirement Fund. It also includes the employers' share of the teachers' contributions to the Canada Pension Plan. Appropriation 1310 does not include the contributions of teachers to their own fund. That is paid indirectly. But I do have the ratio, which might be of interest to the hon. member. The provincial government provides 59.1 per cent of the payments into the fund, with the teachers providing the balance.

The matter of the county system came up and, in particular, superintendents. I might point out that there is presently under way . . .

Mr. Chairman, I wish to apologize to the hon. Member for Lacombe. I inadvertently referred to the hon. Member for Lacombe as the hon. Member for Ponoka.

The matter of superintendency within the county systems was raised. As the hon. members will realize, in 1971, I believe, superintendents became locally employed by the local school board, rather than centrally employed by the provincial government. A joint study involving the Alberta School Trustees' Association and the Department of Education is now under way to look at the effects of that change, and how the whole system of superintendents as local employees of local school boards is working out. Some report on that should be available in the future.

With respect to private schools: there is no doubt, of course, that the amount of funding the private schools receive from the provincial government is substantially less than the amount provided to the public and separate schools. The private schools receive one-third of the school foundation program fund grants provided to the other school systems. There is, however, some movement, I suppose you might call it the umbrella concept, whereby the private schools are looking at affiliation with the local public or separate school, as the choice may be, with the idea that some small degree of autonomy would be lost by these schools. By virtue of the public or separate school system being able to count all those students in determining the SFPF grants, they would then receive the lion's share of that. I'm looking with interest at the results of those meetings and negotiations that, I understand, are presently taking place.

Also, with respect to testing, standard tests. Although there are no compulsory departmental examinations, there are still standard tests. These are available. These are prepared by the department, and are available for use by the local school boards, if they so wish. As a result, if a teacher wishes to test the progress of his or her students, these tests would be available for that purpose. However, there is no longer the necessity. The compulsory aspect has been removed; the testing has not.

The hon. member also referred, in his remarks, to the matter of Canadian studies. I'm sure the hon. member will recall, at the beginning of the session, the catalogue, prepared by the Department of Education, which was tabled and which each member of the Assembly received, entitled Canadian Resources and setting out a list of all the Canadian material available for use in Grades 1 to 12 in the system. The point which is of interest, with respect to Canadian studies, is that although, on a national average, the students did fairly poorly on the test the hon. member referred to, amazingly, when that test was presented to students in Calgary, their marks were 40 per cent higher than the national average, which either speaks well for the students in Calgary, or for the Canadian content in curriculum.

One of the things, of course, that must be considered in weighing the value of such a test is the nature of the questions posed. Canadian history, of course, can be looked at through the eyes of many people in very many different ways. The questions posed in the particular test the hon. member referred to were questions framed from the particular interests of those who framed the questions. They deal with such matters as authors, the particular shareholder ownership of certain companies in Canada, the arts, plays, movies, and TV programs.

It may be that, from the point of view of a Canadian native student, those questions are irrelevant. Canadian history, in the eyes of a Cree or a Chip, might be completely different from [history seen in] the eyes of the people who posed the questions in that particular report.

When we look at developing curricula and studies for Canadian histories in this province, it's important that we look at the history from the eyes of all the people in the province, not just from one particular group, so that history includes a history of all the people in the province, not through the eyes of one person as an observer on all the rest, but through the eyes of each.

An example of this I like to use is one to which I've given some thought. It deals with the type of education I've received. I recall the emphasis that was developed on when Columbus discovered America. We were asked to memorize a certain rhyme which went like this: "In 1492, Columbus sailed the ocean blue." Well, next month we were all confused, because somebody said: "In 1493, Columbus sailed the deep blue sea." In this fashion, we were impressed with the fact that Columbus discovered America.

Now that's looking at history through the eyes of Columbus. What about looking at history through the eyes of the people who were living in North America when Columbus landed by mistake, when he was looking for India? In 1492, Columbus was a lost sheep, or was he a tourist? The importance of that particular visit from the eyes of the inhabitants of the then North America was completely different.

The same thing [applies], Mr. Chairman, if Columbus in fact discovered America in 1492, then in 1536, when Jacques Cartier kidnapped Donnacona and a few Indians and took them to Paris, that must be the year that the Indians discovered Europe. Yet we don't see that written up in the history books in that fashion.

DR. BUCK: Take it easy, now.

MR. KOZIAK: Along the same vein, before Dr. Buck wishes to tell us about when the Ukrainians discovered Canada, I'd like to just sum up that it's important, when we look at history, and at the knowledge of Canadians of their own history, that we don't look at it from the eyes of just one segment; that we take a more universal approach to it. I think that is the failure of that particular test.

I hope I've covered all the remarks. I took some notes. There may be a few I missed. If I have, I'd be pleased to touch on them.

MR. COOKSON: You just missed one point. I have a boy in the constituency who doesn't know the member for the Lacombe constituency, but he does know all the hockey players right across Canada. So I think the point is well taken.

The question you missed is: how are we going to handle incompetent teachers? I don't say this in a disparaging way, but it's a pretty serious concern in some of the schools. No problem with competent teachers. We've got lots of them, they're not recognized. They're all on the same pay scale, competent or incompetent. I'm wondering whether the government supports the concept that whether you're competent or incompetent, you get the same pay. Maybe that applies here, too. I don't know.

MR. TAYLOR: Mr. Chairman, I notice the research has been increased 96 per cent. I would like to commend the hon. minister, the government, and the department on this increase. While I suppose you have various items of research already tabulated, there are three fields of research I would certainly like you to at least take a look at.

The first one was touched on by the hon. Member for Lacombe, that is, the bench marks or levels of achievement. A number of years ago, the actual curriculum set out what was expected of a student at the end of Grade 1, at the end of Grade 2, at the end of Grade 6, and so on. The teacher checked that requirement pretty religiously, and tried to bring all the students up to that bench mark or level of achievement by the end of June. I think this has merit. It seems to me that today we are not spending enough time on spelling, arithmetic, reading, and writing, and are spending too much time on some of the frills. After all, it doesn't matter what field of education you go into, if you can't read, write, spell, or figure, you're certainly not going to reach your greatest potential.

I'm not going to dwell on this, but it seems to me that we should set out, in a one, two, three method, what we expect a child to be able to do, the bench mark of achievement at the end of each of these grades, particularly the first six grades, which are the critical years of a youngster's life. I personally think what they get in the first six years pretty well determines what type of education they are going to finish with. There may be exceptions, but generally that is the case.

It seems to me that money could be very well spent on establishing what the bench marks in these four subjects should be, then set them out so each teacher will not have the option of deciding what he or she thinks is the level of achievement at the end of Grade 3, 4, or 5. I believe that's where we are going into error these days. You could get 10 teachers in the room, and I would wager that every one would have a different bench mark of achievement in the various grades, depending on the length of experience they've had in each of those grades.

The second place where I think research money could well be spent is on the brilliant student. Our brilliant students today are almost being left to fend for themselves, and naturally they do well. The late Dr. Coffin, who was principal of Calgary Normal School for many years, used to tell us, when we were students there, don't think you are a clever teacher because some of your students do well. He said some students will do well in spite of the teacher, and this is often so. But it seems as if the time is spent on the middle group, or maybe a little bit more on those who are slow learners. I have no objection to that. That's time well spent. But I do think there should be some check to see if we are letting our brilliant students reach the potential of which they are capable. Again, this could be researched, and it shouldn't cost too much money.

The third item I think should be researched, and I think it has a definite bearing, particularly on the bench marks of achievement, is the number of drop-outs we are having in grades 10, 11, and 12. I come across a lot of students who, in my view, are drop-outs simply because they haven't got a foundation upon which the teachers or they can build when they get into the high school subjects. If it was found that not having bench marks in the first six grades has a definite bearing on the drop-outs in the last three grades, then I think we should definitely do something about it.

MR. KOZIAK: Mr. Chairman, dealing first with the matter of competency of teachers, the requirements now are that the teacher in order to be certificated, with some exceptions -- one of the exceptions is a possible exploratory program at the Blue Quill School and there are a few others -- but the goal is that to be certified, teachers must complete their Bachelor of Education degree or have four years of teacher training at a recognized level. The question of those who have received that type of training and are found to be incompetent after that, is a decision by the local school board when they hire and fire their teachers.

Dealing with the comments of the hon. Member for Drumheller, the matter of bench mark examinations is something the department is working on to a lower and lower level. In other words, the goal will ultimately be to have bench mark examinations available in the elementary grades, so the progress of students in these grades can be monitored on the same basis as the bench mark examinations now available in high school. Again, not on a compulsory basis but on a standard test basis, so competency can be gauged by the local school board, teacher, and by the department, in terms of its analysis of progress from year to year.

The matter of brilliant students is an interesting one. It's often difficult, perhaps even more difficult to define a brilliant student than one with a learning disability, because some students may have particular talents that others don't, and yet be average in perhaps the normal three Rs.

I would hope we would look at an educational system in the future that would recognize those individual talents, and permit those children with talents in special areas to develop those talents. Those talents may be in music, they may be in the arts, they may be in sports, they may be in science. I think it would be a mistake if we looked upon brilliant students as only those who accomplish well within the regular course of studies, and eliminate those who might be of average competency in the regular course of studies but have certain exceptional talents in other fields.

SOME HON. MEMBERS: Question.

MR. P. SPEAKER: Hold the tiger down there.

Just very quickly with regard to small schools and schools with declining enrolments. Has the department looked at any target teacher-pupil ratio at the present time?

MR. KOZIAK: Some time ago, in response to a question on the Order Paper, I supplied information to the hon. Member for Spirit River-Fairview dealing with the actual status of the pupil-teacher ratio over the past 4 or 5 years, which indicated generally a slow decline over that time.

A pupil-teacher ratio varies, of course. You can't apply a pupil-teacher ratio across the board and say that a magic number of 20:1 or 15:1 is correct. In certain courses a larger pupil-teacher ratio is, in fact, advantageous, where the method of presentation is a lecture, and where you're not dealing with people who lack basic competence in learning.

Where you have children with learning disabilities, with handicaps, perhaps a pupil-teacher ratio of 10:1 is proper. In certain courses, certain pupil-teacher ratios are applicable. In certain jurisdictions, the pupil-teacher ratio is imposed upon the system by virtue of the number of pupils in a small school; then there is no choice. In some cases the pupil-teacher ratio in a small school can be 15:1 and there can be two or three classes in that 15:1 ratio.

AN HON. MEMBER: Agreed. Question.

DR. BUCK: I'm impressed.

MR. R. SPEAKER: Mr. Minister, I appreciate the answer. We'll just sort of squash it in this time.

The government has placed more emphasis on rural schools by increasing the grant to them. Does the minister see that as a potential area for increased grants in the coming year? Are you considering it, reassessing it?

MR. KOZIAK: The report of the Minister's Advisory Committee on School Finance dealt with that. Nothing, of course, will come in these estimates. I believe the hon. member is referring to what might come following that.

I would like to look at a number of recommendations in the report. The hon. Member for Spirit River-Fairview commented favorably on the report and its recommendations. The report includes recommendations for the continuation and expansion of funding for small schools, and suggests and recommends additional funding over and above the small school funding program for small jurisdictions. I will be looking at those areas very carefully over the next few months.

MR. CLARK: I would like to ask the minister for a brief comment on one area. What is the status of the accreditation discussions between the ASTA, the ATA, and the department? Let me put it this way. What is the status of the discussions between the Alberta Teachers' Association, the Alberta School Trustees' Association, and the Department of Education on the question of certification of teachers? What does the minister see happening in the next few months in that particular area? The department has the report, with three recommendations, I recall. One calls for a majority of people on the committee to be teachers. Another calls for the majority of the people not to be teachers. Where, in fact, does that particular matter stand now?

MR. KOZIAK: Yes, that report has been prepared. It's an example of some of the moneys which have been and are being spent by the planning and research . . . Is that not the report you are referring to?

MR. CLARK: No. I'm referring to the question of certification of teachers and the rather protracted discussions between the Alberta School Trustees, the ATA, and the department, and proposals which have come forward from various groups as to what the mix of the committee dealing with the certification of teachers should be.

MR. KOZIAK: Yes, Mr. Chairman, I think we're in agreement then. That is, as I was mentioning, one of the reports prepared by the planning and research section of the Department of Education. I have just received that report within the last day or two. I'm looking at it and will be making some decision with respect to its release and further discussions with respect to its recommendations in the next few days.

HON. MEMBERS: Agreed. Question.

Total Income Account agreed to:

\$453,923,900

MR. KOZIAK: Mr. Chairman, I move that the resolution be reported.

[The motion was carried.]

Department of the Provincial Treasurer

Appropriation 2701

MR. LEITCH: Mr. Chairman, I'm delighted to rise in this atmosphere of enthusiasm for long speeches.

I thought I might begin by drawing to the committee's attention most things that formerly were in the Treasury department and are not now, and those things now in the Treasury department which formerly were elsewhere. The two items which have been moved out of the Treasury department are the purchasing agency and the courier service. The two that have been moved to Treasury as part of the government reorganization are the Public Service Commissioner's office and the Public Service Pension Administration.

Mr. Chairman, I would like to go on to outline what, in a sense, may be regarded as the priorities of the department, those things which we anticipate involving a good deal of our attention in the coming year. The first, Mr. Chairman, would be the preparation and introduction to the House of legislation dealing with the heritage savings trust fund. I would like to ask the members of the committee, Mr. Chairman, to pause for a moment on the uniqueness of that fund.

I doubt there is another government in the world in quite the position the Government of the Province of Alberta finds itself with respect to that fund. Apart from oil exporting nations, Mr. Chairman, I'm not aware of any government in history that had funds of that size, certainly when they are taken into consideration with the population, which weren't needed for current operating or capital expenditures.

Now, it's true that many governments in the oil exporting nations do have larger funds, surplus to operating and capital requirements. But a very important distinction between those countries and Alberta, Mr. Chairman, is that here we have some other very valuable assets. One of them, of course, is land, not only in quantity but in quality. The second, and one that's been mentioned a number of times in this House, is water, with which you can do so much with the land. But by far the most important distinction, Mr. Chairman, between this province and those governments is the people, the population we have here. I think all members would agree with me that we have a population with an education level, a sophistication level, that some other countries now emerging are not so fortunate to have. I submit to the members of the committee that that places us in the unique position of being able to do a great many things, in the future, with these funds, which other nations, fortunate to have them, may well not have the capacity to do.

So I'm looking forward, Mr. Chairman, with a great deal of enthusiasm, to the challenge of preparing legislation to deal with that fund. I think it will require a lot of thought. There are no precedents to follow. It needs to be well done. Things that are well done can seldom be well done without a lot of prior consideration. I'm satisfied we are reaching the point where we will shortly be able to decide whether we can introduce that for the next fiscal year.

Mr. Chairman, we're also proceeding as rapidly as can be expected with the development of the small business tax incentive program, which was also introduced to the House by my predecessor. A tax advisory committee is now working on the responses to the first position paper. I look forward to bringing to the House some further recommendations with respect to that program.

As I mentioned earlier in the House during this session, Mr. Chairman, I anticipate we will be giving a good deal of serious thought to possible changes in the provincial auditing procedures.

The last item I wish to refer to, Mr. Chairman, is a task force that has been set up, consisting of members from the Civil Service Association and members of the government, to review the relationships between the government and its employees, and to review and study in detail the legislation relating to those relationships. Mr. Chairman, I expect that will also be an interesting and exciting task which will occupy a good deal of the department's time in the immediate future.

Appropriation 2701 agreed to:

\$75,168

Appropriation 2702

MR. CLARK: Mr. Chairman, I wonder if I might ask the minister to give us some sort of outline, a thumbnail sketch, of the organization of the department. How many associate deputy ministers? How does the thing sit like that?

MR. LEITCH: Mr. Chairman, I'd be pleased to do that. We have, of course, the deputy minister, or Deputy Provincial Treasurer. I don't think I need say anything to the members of the committee as to what his responsibilities are. We have the person who

heads the budget bureau. Again, Mr. Chairman, I doubt that I need to say very much about his responsibilities and duties. Within that section of the department, Mr. Chairman, is the fiscal planning division of the budget bureau as well as the statistics branch of the department.

We also have, of course, the finance management section of the department. I suppose its prime responsibility at the moment is the investment of the funds surplus to the current expenditures of the government.

I should go on, Mr. Chairman, to mention the Public Service Commissioner's office. Again, I doubt I need to say anything to the members of this committee about the scope and responsibilities of that office; likewise with the Public Service Pension Administration and the head of that branch.

MR. CLARK: Mr. Chairman, I'd like to follow that up by asking the Provincial Treasurer if he'd outline rather briefly where the funds are now, some indication of where they're invested -- I assume they're invested. From time to time in the course of question period, the approximately \$800 million that doesn't really appear in the budget, but is rather sitting in wait for the heritage fund to compound the scene, has been mentioned. Where really is this money now? I'd also be interested if the Treasurer could point out where in the budget speech, other than on the very last page, any other information on it is available at this time.

MR. LEITCH: I'm sorry, I didn't catch the last comments from the hon. member.

MR. CLARK: Is there really any other information coming forward from his department on the government's thinking on the heritage savings fund, other than just what the minister has said in his budget speech.

MR. LEITCH: Dealing with that last part of the hon. Leader of the Opposition's question, the answer is, no.

Dealing with the location of the funds, perhaps I should begin by mentioning the size, Mr. Chairman. It is now slightly in excess of \$1 billion. That is not all heritage savings trust funds, but is the excess moneys over current expenditure requirements that the provincial government presently has. As part of the management of the fund, that is invested in a number of things. I think he characterized them as primarily short-term investment. Some of it would be in bonds, municipal government, even some bonds from the private sector. Much of it would be in what can be called deposit receipts of 30, 60, or 90 days. We would also have some of it invested in what is called commercial paper, really promissory notes, things of that nature. Some portion of the fund would be in what is termed U.S. swaps -- perhaps I should take a moment, Mr. Chairman, just to explain that. In the event it appears to us there would be a higher rate of interest earned by depositing money in an American bank, we would buy American funds and deposit them in the bank for a period of time, 60 or 90 days. To protect ourselves against any fluctuations in the exchange rate during that period, at the same time we deposit the money, we would enter into a contract with a Canadian bank to purchase the same number of Canadian dollars at the end of that period. So after we've worked out the costs of those purchases and sales and the interest rate, we are able to determine whether we have a better return on those funds than if we invested them in some other place.

There are, too, some equity investments in the fund, for example, the Energy Company, PWA, IPSCO. I think there were also some equity investments when about a year ago, we acquired the City of Calgary pension funds. As I recall, their portfolio has some equity funds in it as well.

While I'm on my feet, I realize I haven't given the Leader of the Opposition the assistant deputies and what have you, as he had asked earlier. There are two of them: the assistant deputy provincial treasurer, whose responsibilities include the director of fiscal planning, who is one of the assistant deputy provincial treasurers, the director of the bureau of statistics and the director of the budget bureau. There is, of course, which I should have mentioned, the superintendent of the treasury branches.

MR. CLARK: Mr. Chairman, could I just follow that along by asking the Attorney General -- I'm sorry, the former Attorney General, the present Treasurer -- where the responsibility lies for the investment of this billion dollars. Are the decisions made primarily within the Treasury department itself? Does the department go outside? Have we got some financial management firm outside the government giving advice on this, or is this done solely within the Treasury department? I'll come back with the next question.

MR. LEITCH: I'd want to check to be certain, Mr. Chairman. It's my memory that we get financial investment advice, but the bulk of the investment decisions are made by the committee within the Treasury.

MR. CLARK: Could the Attorney General indicate the excess of a billion dollars that our province now has? What portion of that is ballpark figure? Does he anticipate it would find its way into the heritage fund?

MR. LEITCH: As I recall, Mr. Chairman, the figures are in the Budget Address, and I'm speaking from memory. I'd like to check it. It seemed to me, at the end of the last fiscal year, the one that's just passed, there was \$822 million, so there would be the

accumulation from that time until today. If I had to, I'd guess it's something over \$900 million of the total I referred to earlier has been earmarked for the heritage savings trust fund.

MR. CIAPK: Mr. Chairman, to the Treasurer. Have we got all the money from the federal government as far as the export tax, or is the federal government still holding a portion of that part which was to be invested in Alberta? It seems to me the federal government talked about some certain conditions which had to be met.

AN HON. MEMBER: Later on.

MR. LEITCH: Again, I'll give this answer subject to checking. It's my memory we have all the payments which are to be made to us out of the export tax fund. I believe there may be an outstanding commitment on the part of the federal government to spend within the province certain of the export tax moneys they collected. I'm not sure that has been completed. In actual payments, I believe we've received them all.

MR. NOTLEY: Following that up, whose responsibility would that be in terms of nailing down the federal government's responsibility on that interim period where they were to invest some money in Alberta under certain conditions, and half was to come to the province? Would that be your responsibility, or that of the Minister of Federal and Intergovernmental Affairs? While I'm on my feet, do you have any figures as to an average aggregate interest rate we're collecting on this investment?

MR. LEITCH: I would look on it as Treasury's obligation to determine or confirm the amounts the federal government would be, or may be, committed to spend within the Province of Alberta. Moving them towards spending it I would certainly think would be the prime responsibility of the Minister of Federal and Intergovernmental Affairs, perhaps a joint responsibility.

To deal with the second question, the rate of return on the investments does, of course, fluctuate from time to time. Currently it is about 10 per cent, perhaps a bit under, but very, very close to 10 per cent.

Agreed to:

Appropriation 2703

\$1,661,330

Appropriation 2704

\$548,484

Appropriation 2705

MR. R. SPEAKER: Mr. Chairman, to the minister. Is there any consideration of reducing the fuel oil tax? Is that being considered for the coming year?

MR. LEITCH: Mr. Chairman, I believe I responded to a similar question in the House some time ago, and don't know that I can add to my response today.

The policy has been enunciated a number of times with respect to gasoline prices at the pump and this tax: over a reasonable period of time, it is our view that the people of Alberta ought to enjoy the lowest gasoline prices at the pump in Canada. That policy remains unchanged. Recent figures I looked at indicated it was so; we did have the lowest prices at the pump in Canada. Within the framework of that policy, we will continuously be reviewing the question of fuel oil tax.

MR. CLARK: I wonder if I could just follow along with the question of the hon. Member for Little Bow. I am sure the Treasurer will recall the discussion we had a year or a year and a half ago. The fuel oil tax was reduced at that time. I think it would be fair to say we were successful in extracting a commitment from the Provincial Treasurer of that day. In fact, when the jockeying around as to the fuel oil tax was finished -- and we would bring in an amendment to The Fuel Oil Tax Act so there would be an opportunity for complete discussion of that particular matter here. I do not have the reference to Hansard, but I could get it for the Treasurer.

Does the Treasurer plan to bring in The Fuel Oil Tax Act to make those amendments, rather than do it by order in council, as we went around and around on it about a year and a half ago?

MR. LEITCH: Mr. Chairman, I would certainly expect to comply with any policy statements that may have been made by my predecessor in that respect.

MR. CLARK: Would you like me to take on the responsibility of being sure you are reminded of the policy statement? I can quote it from Hansard for you. I'll get it.

MR. TAYLOR: Mr. Chairman, I would like to say a word or two in connection with the price of gasoline after the increase we expect to take place shortly. This increase is judged by newspapers to be anywhere from 4 to 8 cents, maybe more, per gallon, which is going to bring the price of gasoline in Quebec and Ontario to between 70 and 80 cents. If the same increase goes on in Alberta, it will raise ours proportionately, even though we will probably still be the lowest in Canada. I think there are two ways of handling that. I

would like to deal with it largely because I have had so many representations from the people of the Drumheller area.

One way to handle it is simply to charge the people of Alberta the same increase as anywhere else in Canada and use that increased taxation to give educational, hospital, and health benefits to all the people. I don't see anything particularly wrong with that.

However, many people in my constituency would like to see Alberta people have the effect of this in their own pocketbooks; in other words, that the increase not be made in cash in the Province of Alberta. The argument is that a grocer, when he is using groceries out of his own store, doesn't pay the retail price. They belong to him. He pays the wholesale price and gets the bargain. When the farmer uses eggs from his own farm, he doesn't charge himself the retail price. He gets them at a reduced price and logically so; they belong to him. I think the same argument can be advanced in regard to gasoline in Alberta. It belongs to the people of Alberta. Consequently, unless barred by the BNA Act, why shouldn't the people of Alberta get a benefit, so that money does not go through government hands at all but simply stays in the pockets of the people.

I think it would be a tremendous thing if the government could work out a program under which the increase wasn't actually made in Alberta, but was left as is. That extra money would be left in the pockets of the people. I think it would stand out conspicuously across Canada if the people of Alberta could actually get the dividend from this resource which belongs to the people, on the basis that it does belong to them.

I thought I should mention those two points. I don't know whether the hon. Provincial Treasurer wants to respond to them at this time, but I think both are worthy of consideration.

MR. LEITCH: Mr. Chairman, I welcome the comments of the hon. Member for Drumheller, and appreciate the weight of the arguments he puts forward. The one about the price of natural gas and crude oil and its products in Alberta appeals particularly to a number of people.

I wouldn't want the matter to go by, though, Mr. Chairman, without putting at least some of the arguments on the other side. Of course, one of the arguments on the other side is: with the revenues coming to the province as a result of the royalties on these products, you can do a number of things to benefit all the people of Alberta. That has been done. I think the real question is whether it's of greater benefit to have a reduced price, or whether the better course is the one we really have now -- a price roughly similar, although slightly lower, than all the rest of Canada, with the benefits returned to the people in other ways, for example, in various social programs, reduction in income taxes, and things of that nature.

When one talks of money in the pocket from a reduced gasoline price or reduced income tax, I think in those two areas, at least, the money probably finds its way in similar amounts to the same pockets. With respect to the social programs we're able to have as a result of these royalty revenues, they of course benefit a number of people who wouldn't be benefited simply by the lower product prices for our natural resources.

So while there's merit to both arguments, I must say I certainly lean to the arguments that support the present system.

MR. NOTLEY: Mr. Chairman, I'd just like to follow up that point, and an issue the Leader of the Opposition raised.

Assuming that fairly soon after July 1 we see an increase in the price of a barrel of oil, the Member for Drumheller has suggested we'll see at least a 4-cent and possibly an 8-cent a gallon increase at the gas pump level. My question at this stage really is: do you have any way of dealing with that right away? It seems to me if you follow your commitment to the Leader of the Opposition, and it's going to be the Legislature that does it, it won't be until the fall. So that's October, November, December, whenever we meet this fall. In the meantime, the price of gasoline will have floated up 4, 8, 10 cents a gallon, whatever the case may be.

So my question really is: are you considering any other route at this stage, so that before the Legislature meets this fall, there will be no price hike at the pump? Or, I might ask you to clarify this. Perhaps you're saying the commitment is just to keep Alberta low vis-a-vis the other provinces. But if the other provinces go up, there won't be a commitment to keep Alberta's prices at the present level.

I just want to make one point about that. I think as far as most drivers in the province are concerned, we could probably live with a price increase. I am a little worried though, when we apply that to the farm fuel situation, because I think that is one area where the province can assist in the net income of Alberta farm families. We now have the 5 cent per gallon farm fuel rebate.

Specifically, Mr. Treasurer, my question is: what provision there would be to make sure the farm fuel rebate is expanded so we don't have the basic price floating up as a result of whatever price comes out of Ottawa, presumably next Monday.

MR. LEITCH: Mr. Chairman, I want to comment on the question of what I understood our commitment to be, with respect to gasoline prices at the pump. I did not understand it to be that there would be no increase. The commitment, as I recall it, was that we adopted a policy that Albertans would have -- over a reasonable period of time, because it could vary within short periods of time -- the lowest prices at the pump in Canada. That policy doesn't preclude the possibility of an increase.

The hon. Member for Spirit River-Fairview also asked whether we had any other mechanisms for altering the transportation allowance or the tax, apart from amending the legislation. I can answer that question, Mr. Chairman, by saying that no other alternatives have been considered by Treasury.

I would like to point out with respect to the farm fuel allowance that it is currently a direct 5 cent reduction. There are other systems of altering the prices farmers pay for their fuels in Canada. For example, they have a rebate system in Saskatchewan, but you have to apply for it. As I understand the Alberta experience when we had a rebate system, it took about one dollar in administration costs to get two dollars rebated. So certainly, I wouldn't be considering any changes in the type of system we have. I think that answers the questions the hon. member asked.

MR. NOTLEY: Mr. Chairman, I know the type of system we have in Alberta. I'm interested in what happens as a natural result in terms of, let's say, an 8 cent per gallon increase in the price of gasoline. Are we going to be making any allowance this summer for an increase in our farm fuel program to cover that?

MR. LEITCH: Mr. Chairman, I think that is really a hypothetical question. We don't know at the moment what price increases there might be. I should also draw to the hon. member's attention that on the last occasion of a price increase, it was something like 45 days or thereabouts before it worked its way down to the consumer, because the inventories on hand were sold at the current prices. So even if there were to be a price increase immediately, if past practice were followed, it wouldn't work its way to the consumer for some little while. With respect to farm fuels in particular, certainly a substantial portion would have been acquired by the farmers by that date.

In conclusion, Mr. Chairman, it's a hypothetical situation at the moment. We'll deal with it within the policy I have outlined when the factual situation arises.

MR. NOTLEY: Mr. Chairman, to the minister. If the minister is convinced this is a hypothetical situation, I am sure he is the only minister in any government in Canada who thinks it is a hypothetical situation. We're going to be looking at an increase . . .

AN HON. MEMBER: . . . ask the hon. member if he can tell us what's going to happen?

MR. NOTLEY: Since we are looking at an increase of some kind, Mr. Chairman, it seems to me it's not unreasonable to ask the government, what kind of contingency plans. Because we are looking at some sort of increase.

I would think there has to be some provision for this. The minister talks about 45 days for it to work its way down. Well, that's going to be very nice. That's going to be just about harvest season. I would assume there has to be some contingency plan you presently have in hand.

MR. LEITCH: Mr. Chairman, when the event occurs, we will then be in a position to announce our intentions.

Appropriation 2706 agreed to: \$352,110

Agreed to:
Appropriation 2707 \$109,565

Appropriation 2708

MR. CLARK: I'd like to ask the Treasurer a question here. Is there any mechanism in the Treasury department that oversees, co-ordinates, or correlates the large number of government agencies involved in making guaranteed loans to a variety of groups? I suspect there must be 10 different departments involved in one form or another of guaranteed loans. I'm really asking: does the Treasury department have some sort of a co-ordinating function in this particular area, or does everybody go at their own pace?

MR. LEITCH: Mr. Chairman, I'm not exactly sure what information the hon. Leader of the Opposition is seeking. If he is asking whether we assess the business wisdom, the answer to that is, no. We do, of course, keep statistics and records of all of the loans that are out and guaranteed. If that was his question, yes, we do.

MR. CLARK: Just so I can understand the Treasurer's comments, really the Treasury department then keeps track of the guaranteed loans that are out, but that's in fact all the Treasury department does. You're not involved in monitoring of what's going on in the various government departments?

MR. NOTLEY: And pay the ones that default.

MR. CLARK: Well, yes, and pay the ones that default.

MR. LEITCH: Yes, I'm still having a little difficulty. We know the totals. We know the legislative limits, things of that nature, so we keep a monitoring system, if you like.

But as far as I'm aware, [we are] not second guessing business judgments of any of the loans we guarantee.

MR. CLARK: Just one last comment, Mr. Chairman, I wasn't suggesting the Treasury department should have a second-guessing judgment bureau. I really was asking if the Treasury department was involved in co-ordination of the guaranteed loan programs across the government. I assume from the Treasurer's answer that they're not.

Appropriation 2708 agreed to:

\$618,870

Appropriation 2709

MR. NOTLEY: Mr. Chairman, I wonder, perhaps, if the Treasurer could outline briefly the fees and commissions under this, also where things stand in terms of the present target date for this program.

MR. LEITCH: I'll answer the second part of the question first, Mr. Chairman. As to a target date, we don't have one, and I think it would be unrealistic to establish one. You can express hopes and expectations, but target dates aren't going to be all that valuable to you. We are proceeding with it as rapidly as we can. I've had one meeting with the full tax advisory committee, and we will keep it moving as expeditiously as possible.

The other part of the question was in reference to the item of fees and commissions. That would be to pay the costs of the advisory committee that has been working for some time. While this is a new appropriation this year for that purpose, the advisory committee had been paid out of the fiscal planning appropriation during the last fiscal period.

MR. NOTLEY: Mr. Chairman, how many members are on the advisory committee? Is that \$250,000 also involved as some fees and commissions beyond the advisory committee?

MR. LEITCH: I'm not sure I can answer from memory how many members there are, Mr. Chairman. [As to] the second part of this question, I'm not sure what \$50,000 he's referring to.

MR. NOTLEY: The \$250,000: does that include fees and commissions to consulting firms in addition to the advisory committee?

MR. LEITCH: I'd have to check that, but it's my memory or understanding that that was an estimate of what it would cost for the committee. But I'd like to check that.

MR. NOTLEY: The only other question I have is: why are we spending money on advertising when you're in the process of developing a program, and you have an advisory committee which is already set up. When we're appropriating \$250,000 to the advisory committee, what's the purpose of advertising?

MR. LEITCH: I'm guessing, Mr. Chairman, and perhaps I shouldn't, but I think we probably ran ads in the paper and things of that nature with respect to submissions. There were probably some other expenses in connection with letting the public know what we were doing, and how they could make representations.

Appropriation 2709 agreed to:

\$515,890

Agreed to:

Appropriation 2716

\$835,000

Appropriation 2720

\$1,200,000

Appropriation 2721

\$21,353,000

Appropriation 2722

\$1,000,000

Appropriation 2723

MR. CLARK: I'd like to assure the Attorney General that if he were to come forward at the fall session and explain to us in some detail for a special warrant for 2723, we'd be very pleased and co-operative on this side.

Appropriation 2723 agreed to:

\$10,500,000

Agreed to:

Appropriation 2725

\$1,050,000

Appropriation 2726

\$101,500

Appropriation 2727

Appropriation 2728

\$1,184,000

Appropriation 2729

Appropriation 2730

\$17,240,000

Appropriation 2731

\$3,000

Appropriation 2732	\$360,000
Appropriation 2733	\$16,450,000
Appropriation 2734	\$2,330,000
Appropriation 2751	\$25,000
Appropriation 2752	\$25,000,000
Appropriation 2753	\$3,275,000
Appropriation 2754	\$38,000
Appropriation 2760	\$90,000
Appropriation 2761	\$2,272,837

Total Income Account agreed to: \$109,432,514

Appropriation 2781 agreed to: \$35,000

Total Capital Account agreed to: \$35,000

MR. LEITCH: Mr. Chairman, I move the resolution be reported.

[The motion was carried.]

Supplementary Estimates of Expenditure agreed to:

Department	Chargeable to Income	Chargeable to Capital
Agriculture	\$60,739,515.00	
Attorney General	\$10,742,144.33	
Education	\$549,031.95	
Executive Council	\$87,116,141.89	
Highways and Transport	\$3,550,000.00	\$37,508,000.00
Industry and Commerce	\$1,582,486.55	
Manpower and Labour	\$15,036,588.00	
Lands and Forests	\$5,337,640.00	\$1,686,600.00
Legislation	\$1,998,450.00	\$126,000.00
Mines and Minerals	\$755,233.00	
Municipal Affairs	\$17,763,087.00	
Health Commissions	\$9,073,000.00	
Health and Social Development	\$200,000.00	
Public Works	\$3,345,335.51	
Treasury	\$18,500,000.00	
Culture, Youth and Recreation	\$7,227,497.60	\$869,258.85
Environment	\$2,237,000.00	\$12,315,000.00
Advanced Education	\$5,092,924.00	
Federal and Intergovernmental Affairs	\$101,500.00	
Telephones and Utilities	\$9,346,965.00	\$8,500,000.00
Solicitor General	\$789,420.00	
Consumer and Corporate Affairs		\$500,000.00
Amounts to be voted under Section 1 of The Appropriation Act, 1975	\$261,083,959.00	\$61,504,858.85

MR. LEITCH: Mr. Chairman, I move that the supplementary estimates for income and capital accounts be reported.

[The motion was carried.]

DR. HORNER: Mr. Chairman, I move that you rise and report.

[The motion was carried.]

[Dr. McCrimmon left the Chair.]

* * * * *

[Mr. Speaker in the Chair]

DR. MCCRIMMON: Mr. Speaker, the Committee of Supply has had under consideration the following resolutions and begs to report same:

Resolved that a sum not exceeding \$69,187,568 be granted to Her Majesty for the fiscal year ending March 31, 1976, for the Municipal Affairs department.

Resolved that a sum not exceeding \$453,923,900 be granted to Her Majesty for the fiscal year ending March 31, 1976, for the Education department.

Resolved that a sum not exceeding \$109,467,514 be granted to Her Majesty for the fiscal year ending March 31, 1975, for the Treasury department.

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

Resolved that a sum not exceeding \$60,739,515 be granted to Her Majesty for the fiscal year ending March 31, 1975, for the Department of Agriculture.

Resolved that a sum not exceeding \$10,742,144.33 be granted to Her Majesty for the fiscal year ending March 31, 1975, for the Attorney General's department.

Resolved that a sum not exceeding \$549,031.95 be granted to Her Majesty for the fiscal year ending March 31, 1975, for the Department of Education.

Resolved that a sum not exceeding \$87,116,141.89 be granted to Her Majesty for the fiscal year ending March 31, 1975, for the Executive Council.

Resolved that a sum not exceeding \$41,058,000 be granted to Her Majesty for the fiscal year ending March 31, 1975, for the Department of Highways and Transport.

Resolved that a sum not exceeding \$1,582,486.55 be granted to Her Majesty for the fiscal year ending March 31, 1975, for the Department of Industry and Commerce.

Resolved that a sum not exceeding \$15,036,588 be granted to Her Majesty for the fiscal year ending March 31, 1975, for the Department of Manpower and Labour.

Resolved that a sum not exceeding \$7,024,240 be granted to Her Majesty for the fiscal year ending March 31, 1975, for the Department of Lands and Forests.

Resolved that a sum not exceeding \$2,124,450 be granted to Her Majesty for the fiscal year ending March 31, 1975, for Legislation.

Resolved that a sum not exceeding \$755,233 be granted to Her Majesty for the fiscal year ending March 31, 1975, for the Department of Mines and Minerals.

Resolved that a sum not exceeding \$17,763,087 be granted to Her Majesty for the fiscal year ending March 31, 1975, for the Department of Municipal Affairs.

Resolved that a sum not exceeding \$9,073,000 be granted to Her Majesty for the fiscal year ending March 31, 1975, for Health Commissions.

Resolved that a sum not exceeding \$200,000 be granted to Her Majesty for the fiscal year ending March 31, 1975, for the Department of Health and Social Development.

Resolved that a sum not exceeding \$3,345,335.51 be granted to Her Majesty for the fiscal year ending March 31, 1975, for the Department of Public Works.

Resolved that a sum not exceeding \$18,500,000 be granted to Her Majesty for the fiscal year ending March 31, 1975, for the Treasury department.

Resolved that a sum not exceeding \$8,096,756.45 be granted to Her Majesty for the fiscal year ending March 31, 1975, for the Department of Culture, Youth and Recreation.

Resolved that a sum not exceeding \$14,552,000 be granted to Her Majesty for the fiscal year ending March 31, 1975, for the Environment department.

Resolved that a sum not exceeding \$5,092,924 be granted to Her Majesty for the fiscal year ending March 31, 1975, for the Department of Advanced Education.

Resolved that a sum not exceeding \$101,500 be granted to Her Majesty for the fiscal year ending March 31, 1975, for the Department of Federal and Intergovernmental Affairs.

Resolved that a sum not exceeding \$17,846,965 be granted to Her Majesty for the fiscal year ending March 31, 1975, for the Department of Telephones and Utilities.

Resolved that a sum not exceeding \$500,000 be granted to Her Majesty for the fiscal year ending March 31, 1975, for the Department of Consumer and Corporate Affairs.

Resolved that a sum not exceeding \$789,420 be granted to Her Majesty for the fiscal year ending March 31, 1975, for the Solicitor General's department.

MR. SPEAKER: Having heard the report, do you all agree?

HON. MEMBERS: Agreed.

DR. HORNER: Mr. Speaker, I move the House do now adjourn until 10 tomorrow morning.

MR. SPEAKER: Having heard the motion for adjournment by the hon. Deputy Premier, do you all agree?

HON. MEMBERS: Agreed.

MR. SPEAKER: The House stands adjourned until tomorrow morning at 10 o'clock.

[The House rose at 11:07 p.m.]

