

LEGISLATIVE ASSEMBLY OF ALBERTA

Title: **Tuesday, April 27, 1976 2:30 p.m.**

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

PRAYERS

[Mr. Speaker in the Chair]

head: INTRODUCTION OF VISITORS

MR. R. SPEAKER: Mr. Speaker, I'd like to introduce two Members of Parliament, along with executive members of the national Social Credit organization. The Members of Parliament are Mr. Gilbert Rondeau and Mr. Andre Fortin. Other members of the national executive are Mr. Albert Bourcier, Mr. Jerry Beck, Mr. Pierre Brazeau, and Claude Vallee. I'd like them to stand and be recognized.

MR. YOUNG: Mr. Speaker, it's my pleasure to introduce to you and to members of the House, some students from my constituency. It's perhaps especially significant that these students should be present on an afternoon when the Assembly will debate the basic goals and priorities of education.

Mr. Speaker, the students come from Grade 10 at the Edmonton Christian High School. As members may know, the parents pay tuition to that school in the difference of between 40 per cent and the balance of expenditure. Mr. Speaker, it's my pleasure to introduce, with the students, their teachers, Miss Joanne Romyn, Mr. Jack Van Der Pol, and Miss Trudy Rozema. I'd ask the students in both galleries to stand and be recognized.

MR. DIACHUK: Mr. Speaker, I wish to take this opportunity to introduce to you, and through you to the members of the Assembly, some 21 Grade 6 students from Beverly Heights School which my constituency is actually named after. Visiting the Assembly this afternoon, they are accompanied by Norman Holt. I would ask that they rise and receive the usual welcome of the Assembly.

head: TABLING RETURNS AND REPORTS

MR. RUSSELL: Mr. Speaker, I wish to table the answer to Motion for a Return No. 101.

head: ORAL QUESTION PERIOD**Energy Policy**

MR. R. SPEAKER: Mr. Speaker, I'd like to direct my first question to the Minister of Energy and Natural Resources. It is with regard to the national energy policy that I understand was announced today in Ottawa.

Would the minister indicate to this House how the

federal government's recently announced national energy policy will change the provincial energy development policy at the present time? What effect will that have?

MR. GETTY: Mr. Speaker, the document which has been released in the federal Parliament today is very detailed. I've only had it for a relatively short period of time, although much of the content is the result of federal-provincial discussions on energy matters over the last year. [In] such a short period of time it's very difficult to give an analysis.

Some of the conclusions indicate to me that the federal government has indeed accepted arguments which Alberta has been making, and continues to accept them. I would want to analyse other matters further. So, on such short notice, Mr. Speaker, it's very difficult for me to provide the hon. member with any detailed assessment of this document, or how it will affect Alberta in the future.

Hopefully, over a period of time, it will be a good document for continued discussions between ourselves and the federal government. By the way, the document is entitled *An Energy Strategy for Canada*, and it has options, not necessarily decisions. I believe any energy strategy for Canada would have to be best developed if it has the confidence and support of Alberta in that development. Hopefully, we will be able to do that, but it will depend on its contents.

MR. R. SPEAKER: Mr. Speaker, a supplementary. In the document the federal government placed before you, I understand that a goal is to reduce the energy consumption growth rate to less than 3.5 per cent in 10 years.

Has the minister or the provincial government been consulted on this particular objective? Does the provincial government support that objective?

MR. GETTY: We've been consulted with regard to that target, as they refer to it, Mr. Speaker. It's really part of the program of energy conservation at the consumer level that the federal government wish to bring into effect in Canada. Really, they are talking about cutting out waste and merely ending up with efficient use. That policy of reducing waste and having efficient use of energy is one with which we have no problem.

MR. R. SPEAKER: Mr. Speaker, further to the minister. The booklet also indicates the intent to double exploration activity in frontier areas within the next three years.

Would this mean an extension and an expansion of the provincial and federal government incentives for exploration by oil companies in Alberta?

MR. GETTY: I couldn't speak for the federal government in terms of incentives they may have in their areas, Mr. Speaker, but I can speak for Alberta, and indicate that the Alberta incentives introduced in December 1974 have worked very dramatically. As most members are aware, Alberta is the one area in Canada where there is a dramatic increase in exploration and development. Right now, other than working towards increased prices so there are sufficient returns and cash flow for additional oil and gas

development, I see no need for Alberta to change programs at this time.

MR. R. SPEAKER: A supplementary to the minister. In his preliminary observation of the report, does the minister feel that, in order to carry out development in these frontier areas, there will potentially be a greater role for the Alberta Energy Company in the exploration effort?

MR. GETTY: It would just be speculation on my part, Mr. Speaker. I certainly believe that, within Alberta, there will be a very important role for the Alberta Energy Company. Beyond that, I wouldn't like to speculate.

MR. R. SPEAKER: Mr. Speaker, a final supplementary in this area. Has the minister had any indication from the federal government that they see an extended role for PetroCan in the development of this frontier area?

MR. GETTY: Mr. Speaker, PetroCan is a responsibility of the federal government, and not one for which I take any responsibility.

DR. BUCK: A supplementary to the minister, Mr. Speaker. In light of the fact that at the annual meeting the Alberta Energy Company didn't exactly say that they'd be involved in exploration, can the minister indicate at this time if there have been any directions from the provincial government?

Will the Alberta Energy Company be proceeding directly with drilling and exploration?

MR. GETTY: Mr. Speaker, the government's policy on that matter with regard to the Alberta Energy Company has never changed. They are not to participate in exploration in the conventional oil and gas industry in our province. There is, of course, the unique project at Suffield we have placed within the company. But other than that, there has been no change.

In reviewing a copy of comments made in a speech at the annual meeting, it seemed to me the president of the Alberta Energy Company stated it very clearly.

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

DR. BUCK: To the Minister of Utilities and Telephones, Mr. Speaker, in light of the report we've been discussing the energy situation. The University of Alberta seems to be using computers to start turning out some of the lights.

I was wondering if the minister is considering some directive to AGT to turn out some of the lights in the AGT tower, to help reduce that deficit we have.

DR. WARRACK: Mr. Speaker, I'd be prepared to take that matter under advisement. It's a potentially important question.

As a matter of fact, it brings to mind the important resolution on the Order Paper by the hon. Member for Lacombe. I'd welcome all members' viewpoints on that occasion.

Wage and Price Controls

MR. R. SPEAKER: Mr. Speaker, my second question is to the Premier. The federal government's Anti-Inflation Board has now extended its monitoring and control function to in excess of 80,000 incorporated companies, which include professionals, medium-sized companies, and major corporations.

My question to the Premier: after six months of wage and price control, does the government support the federal government's policy of steadily increasing its controls over the economic and business life in Canada? If this is not the government's policy, what discussions have taken place to indicate the Alberta government's point of view with regard to this matter?

MR. LOUGHEED: Mr. Speaker, that's a very relevant question, but I think that because the Minister of Federal and Intergovernmental Affairs has been charged by the Executive Council with the administration of the Alberta government's participation in that matter, it should await his presence in the House. I'll take notice of it, so he's prepared to answer when he returns.

MR. R. SPEAKER: Mr. Speaker, a supplementary to the Premier. Will this be one of the key questions at the first ministers' conference tomorrow?

MR. LOUGHEED: Mr. Speaker, as we've explained earlier in the House, the meeting of western premiers has an agenda. It involves five different matters: transportation, agriculture, fiscal arrangement, western provinces' industrial co-operation, and the constitution.

Indirectly, there would naturally be a discussion with regard to the federal anti-inflation program, but as we hope for it to be of a short-term nature, it would be incidental to the other matters being discussed.

Dairy Industry

MR. BATIUK: Mr. Speaker, not too long ago the federal Minister of Agriculture forecast a rosy future in milk production, and encouraged people to increase their production. Now the trend has reversed, and quotas will be cut.

Mr. Speaker, if those who increased their production get a cut of some percentage, they may be better off than they were a couple of years ago. But a cut now could put out of business those who didn't raise their production because they couldn't or didn't want to.

Would these people who didn't raise their production be protected in any way?

MR. MOORE: Mr. Speaker, I'm not sure I fully understand the hon. member's question, but I would make the following comments. From 12:30 until 2:30 today, I met the chairman and members of the Dairy Control Board and its policy advisory committee, regarding how we might best allocate among producers the quota which has been allocated to the province of Alberta from the global total in Canada. That meeting is taking the form of being sure we follow the principle that producers would as much as

possible be treated equally in the allocation of market-share quota, regardless of whether they've been in business for five years, one year, or perhaps only three months.

Without having the final figures yet, Mr. Speaker, I could add that it appears that a reduction in the neighborhood of 10 to 15 per cent of market-share quota will be required by all producers.

MR. NOTLEY: Mr. Speaker, I wonder if the hon. minister could advise the Assembly what the minister means by being "treated equally", in view of the fact that we have larger producers, smaller producers, some who have been in business for part of the year, and what have you.

MR. MOORE: Mr. Speaker, the formula with regard to the distribution of either fluid milk quota used or industrial milk quota used on other occasions in other provinces has been to provide the producer with a quota based on his production for the previous 12 months. In this province in the course of the last dairy year, in fact, we had 198 new producers entering the business who did not produce for the entire dairy year. Those people produced all the way from one month to 11 months throughout the year.

By way of example, I would say that the quota for the coming year for an individual who began production during the last three or four months of the dairy year with 30 cows or whatever, would be based on an average monthly production of the months that he was in production times twelve. So he would be provided with a quota nearly equal to his production capabilities at the end of the dairy year that we've just finished. Of course, Mr. Speaker, that would be subject to the 10 to 15 per cent global reduction I talked about.

MR. SPEAKER: The hon. Member for St. Paul with a supplementary.

MR. FLUKER: My question has been answered, Mr. Speaker.

DR. BUCK: A supplementary. In light of the fact that the quotas have been reduced, can the minister indicate if many people who are indebted to ADC are lobbying the minister to indicate that they have a problem, and possibly some of those loans could be delayed?

MR. NOTLEY: What's the line-up?

MR. MOORE: Mr. Speaker, as a matter of fact I don't believe I have yet received one request from a dairy producer for a delay in payments or interest as a result of the new quotas which may be announced.

I would have been surprised in fact if I had, because we've only had the federal dairy policy announcement for less than two weeks. Without our being able yet to announce how we're going to allocate quota in Alberta, those people don't know what kind of difficulties they have.

In fact, the principle I described earlier, Mr. Speaker, in answer to a question from the hon. Member for Spirit River-Fairview about providing new producers in the business with a quota somewhere near what it should be in relation to their production on March 31,

will hopefully leave those people new to the business and who are financed through the Ag. Development Corporation or by other means, in a position where they're able to meet their obligations.

I say as well, Mr. Speaker, that I'm hopeful that the matter of market-share allocation and the formulas used within this province can be resolved this week. At the moment I'm anticipating making a statement in that regard on Friday.

Quebec Oil and Gas Leases

MR. TAYLOR: My question is to the hon. Minister of Energy. Has the Government of Quebec or any of its agents applied for or taken out oil or gas leases in Alberta?

MR. GETTY: Yes, Mr. Speaker. An agency of the Government of Quebec is participating in active exploration within the province.

MR. TAYLOR: A supplementary. Did the Government of Quebec receive permits exactly the same as any other company?

MR. GETTY: Mr. Speaker, at this stage the agency is participating with other companies. I'm not sure whether they have actually applied for leases. I think the hon. member may be referring to an application for leases direct ownership. I would have to check into that. To the best of my knowledge, as of now they are participating with other companies that hold leases in Alberta. I'd have to check whether they are in fact applying for leases on their own part.

MR. TAYLOR: A supplementary. Are all the leases presently held in southern Alberta?

MR. GETTY: I would have to check that as well, Mr. Speaker.

Environmental Standards Violations

MR. NOTLEY: Mr. Speaker, I would like to direct this question to the hon. Attorney General, and ask if he can advise the Assembly whether he's received a recommendation from the criminal justice section of his department that charges be laid against Great Canadian Oil Sands for exceeding provincially imposed standards of SO₂ emissions.

MR. FOSTER: Mr. Speaker, whether or not I have received recommendations to proceed with charges against any individual or body corporate is not a matter which I would be prepared to discuss in the Legislature. What I would be prepared to discuss is a decision, once taken.

The hon. member obviously is aware that this matter is being looked at by members of my staff. It's a matter that's being discussed. When a decision has been made, I'd be quite happy to explain to the House why we did or did not take certain action. But I could not discuss in the House at this time the merit or substance of the recommendations.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. Is the minister in a position

to advise the Assembly what timetable the department is looking at, at this particular stage?

MR. FOSTER: Mr. Speaker, it's true that some interests have been known to the department and have asked to consult me. I've asked them to consult people in the department on the subject. Some material is being examined and evaluated by my department. That evaluation is not yet complete. I will be involved in some discussions with both my staff and my colleagues. At a later date, we'll be in a position to indicate what our action, if any, might be.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. Has the government developed any overall policy with respect to preferring charges against corporations that have broken provincial statutes?

By overall policy, I mean a period of grace or a number of violations which would be allowed to go by the board before prosecution takes place or before preferment of charges. Mr. Speaker, the question relates to whether any overall policy with respect to this matter has been developed by government.

MR. FOSTER: Mr. Speaker, certainly I have not put into place any overall policy. If I were addressing my mind to that sort of policy consideration, my first reaction would be that each individual case must be examined carefully on its own merit, and that it would be very difficult to develop a sweeping policy that would apply in all circumstances to all cases. Therefore, my approach would be to review the circumstances of each case to determine, first of all, whether there is sufficient evidence to justify the bringing of a prosecution. Even in that circumstance, there might be other circumstances that would cause us to consider other courses of action.

Generally speaking, all individuals and corporations are subject to the same measure of the law and law enforcement as anyone else. That applies to bodies corporate and individuals. I admit, however, that there are circumstances under which we determine not to prosecute certain individuals and certain corporations. But as each individual case obviously is different from others, it can only be explained in the context of the circumstances of each case, and I'd be happy to do that at the time.

MR. NOTLEY: Mr. Speaker, a further supplementary question to the hon. minister. In the case of The Clean Air Act, is there automatic consultation with officials of the Department of the Environment or the minister before any decision is made with respect to the preferment of charges?

MR. FOSTER: Mr. Speaker, with respect to the act that was mentioned, the officials of the Department of the Environment certainly would be in a position to bring infractions to the attention of law enforcement agencies. Those agencies, after proper investigation, would be in a position to prefer charges.

The only reason this matter came to my attention was that my office was contacted directly by certain individuals. As a result, I became part of the consideration. Prior to being contacted by these individuals, I was not involved in any discussions on this particular subject.

Bear Control

MR. SHABEN: My question, Mr. Speaker, is to the Minister of Recreation, Parks and Wildlife. I was wondering if the minister could indicate if any initiatives have been taken to control black bears near bee yards, particularly in the Peace River region of Alberta.

MR. ADAIR: Yes, Mr. Speaker. If I may, I should go back just a little bit with my answer. In 1974, a subsidy program for electric fences saw some 200 fences constructed around the various bee yards last year and 250 the first year. That program is still in effect.

I would suggest that possibly my colleague, the Minister of Agriculture, may want to respond a little further relative to the available subsidy.

MR. SHABEN: A supplementary question. In the event that beekeepers suffer damages as a result of black bears, is there any program of compensation available?

MR. MOORE: Mr. Speaker, first of all I would say that the fencing program remains in place. It's really an incentive to commercial beekeepers throughout the province to fence bee yards so the Minister of Recreation, Parks and Wildlife isn't faced with the problem of exterminating bears to the extent we've had to in some years.

Mr. Speaker, there are no provisions for compensation to individual beekeepers who suffer damage as a result of black bears.

Agricultural Leases

MR. MANDEVILLE: Mr. Speaker, my question is to the hon. Minister of Energy and Natural Resources. Would the minister indicate the department's policy regarding renewing permit leases on agricultural owned Crown land, when more than one application is received?

MR. GETTY: Mr. Speaker, would the hon. member be a little more detailed in his question?

MR. MANDEVILLE: Mr. Speaker, I'm referring to agricultural leases by permit which are up for renewal. What is the policy of the government when it gets more than one application for renewal of the lease?

MR. GETTY: Mr. Speaker, if it's a straight renewal and there is more than one application, the government tries to make an individual assessment as to who is most suited to receive the lease. An interim decision is made. The applicants are advised of that interim decision. That decision can be appealed to a local appeal board, made up of the local agricultural development committee. If the appeal is upheld, the application is filled and the applicant gets the lease.

MR. MANDEVILLE: A supplementary question, Mr. Speaker. In the case of more than one application, what consideration is given to the previous holder of a lease?

MR. GETTY: I think, Mr. Speaker, each case would be treated on its own merits. I would have to have a specific reference from the hon. member to get him those details.

MR. SPEAKER: The hon. Member for St. Paul followed by the hon. Member for Edmonton Norwood.

MR. FLUKER: My question was answered, Mr. Speaker.

MR. SPEAKER: I was sure the hon. member had an inquiring look.

Drivers' Licences

MRS. CHICHAK: Mr. Speaker, my question is directed to the hon. Solicitor General. Can the hon. minister advise whether his recently announced policy of recognizing driver-training school diplomas in the granting of drivers' licences has now been changed, whereby the schools would act as official examiners on behalf of the government, as it currently appears to be understood by the public?

MR. FARRAN: Mr. Speaker, I'd be happy to clarify that. There's a subtle difference between the plan in Alberta and the recognized authority plan in B. C. and Quebec. This may be where the confusion arises.

The proposal here is that the driving schools have their diplomas recognized, not that they become private driving examiners operating as testing agencies for the government. The government will merely recognize the diploma of an accredited driving school in lieu of a test.

The driving schools that apply for this privilege will be required to allow government inspectors to have input into their curriculum, inspect the quality of their graduating examination, and allow their instructors to undergo a short course. But they're not actually testers or driving examiners in the sense of being government agents. The government will reserve the right to test graduates if it sees fit, and to withdraw at any time the accreditation of any school that fails to meet the standards. So they'll not be in business as official testers or for issuing licences. The schools will also be overseen by the safety branch of the Department of Transportation.

MRS. CHICHAK: Supplementary, Mr. Speaker. Could the hon. minister advise whether his department has issued a correction to the information that had previously gone to the schools which was, in fact, wrong?

MR. FARRAN: Yes, Mr. Speaker.

University Fees

DR. BUCK: Mr. Speaker, I would like to address my question to the Minister of Advanced Education. In light of the minister's announcement yesterday about the two levels of tuition fees, will the minister indicate if the new fee schedule will in any way result in a reduction of provincial grants to Alberta universities?

DR. HOHOL: I'd just like to make two comments, Mr. Speaker. First, I did not make an announcement. I responded to a question on the floor of the House during the question period. I think that's significant.

The second is: no, sir, there'll be no resulting change in the grant structure as a result of the two-fee structure.

DR. BUCK: Mr. Speaker, I guess the minister forgot he hadn't made that announcement before.

Mr. Speaker, my supplementary question is: in light of the fact that many foreign students, I'm sure, have already received notification they will be accepted at the old fee level, will there be any problems for the universities?

DR. HOHOL: Mr. Speaker, in large measure this will be internal to the university. I recall speaking directly on this very matter last week — on Thursday, if I recall. We reflected the hope that the university might be able to deal with this matter effectively this fall. However, that's what we're doing, we're hoping they might. Should that prove to be impossible, difficult, unreasonable, or whatever, I made mention yesterday that without any question — if not before, then certainly by the fall term of 1977.

DR. BUCK: Mr. Speaker, to the hon. minister: will the two levels of tuition rates apply to landed immigrants or just to foreign students?

DR. HOHOL: There is a great deal of work to be done on this matter, Mr. Speaker. The only determination I've made and want to be clear on is that there will be two sets of fees. The matter of definition of the foreign student, the amount of difference between the two sets of fees, and a whole host of other important aspects will be dealt with amongst the senior officials of universities and the government.

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

DR. BUCK: You mean the minister says that he did not look at these things before he made his decision.

DR. HOHOL: It sounds like a rhetorical question, Mr. Speaker, but I should like to point out that obviously I looked at all kinds of matters before the determination was made. But make the principle decision first — the "Ie" principle decision — then make the other decisions later.

Dam Standards

MR. KUSHNER: Mr. Speaker, I wish to direct my question to the Minister of the Environment. A dam has been built in the Elks' golf field in northeast Calgary. One of my constituents has inquired whether it meets the standards of the Department of the Environment.

I wonder if the minister is in a position to inform this House if the department has been investigating whether it meets the standards.

MR. RUSSELL: Mr. Speaker, I'm not in a position to answer that question today, but I'll be glad to check

with department officials and report to the hon. member.

First Ministers' Conference

MR. COOKSON: Mr. Speaker, I'd like to ask a question of the hon. the Premier. In view of the first ministers' conference being held this summer, and the position the Ontario premier has taken that he felt the meeting should be open to the public, I'm wondering whether the Premier could advise if he has had a dialogue with the Prime Minister on this issue, and whether or not it will be open to the public.

MR. LOUGHEED: Mr. Speaker, as far as the Alberta government is concerned, we feel that most meetings involving first ministers should be open. The only possible exception is when there is some possibility of a negotiation such as the negotiation with regard to energy prices that occurred in March 1974.

At the request of the Prime Minister, the first ministers' meeting two weeks from now will not be an open meeting. The Premier of Ontario, as the Member for Lacombe points out, has asked that it and the subsequent first ministers' meeting in June be open. We have no objection to either meeting being open. Frankly, as I've said before in the House, we don't anticipate that the meeting next week to discuss energy prices is going to lead to any sort of agreement. If the meeting were open it might possibly lead to a slight improvement in the awareness by other Canadians of the Alberta point of view.

MR. TAYLOR: A supplementary to the hon. Premier. When the Prime Minister of Canada has an open meeting, is it regular policy for him to close it by having a long, long banquet that evening?

MR. LOUGHEED: Mr. Speaker, we haven't had the benefit of the long, long banquet, but we've certainly had the benefit of a long, long lunch to close a meeting.

MR. COOKSON: Mr. Speaker, if the meetings are held in camera, will there be reasonably full public disclosure of what goes on? I think it's important.

MR. LOUGHEED: Mr. Speaker, I might reiterate that it's our preference that they be open meetings except in very unusual cases. If it is a closed meeting, as has been requested by the Prime Minister in both May, on energy pricing, and June, on fiscal arrangements, the understanding we've reached among first ministers is that after the meeting an individual first minister is free to take a public position on what he expressed during the course of the discussion, but not in any way to quote or attribute comments to any other first minister. I think that's probably the only fair and reasonable way to handle it.

French Instruction

MR. JAMISON: Mr. Speaker, I'd like to direct a question to the Minister of Education. Before I do that, I would like to ask the Speaker if he made a mistake on the two saints, St. Paul and St. Albert. There's 20,000 difference in population between those two centres.

But my question is to the Minister of Education, Mr. Speaker. I've been reading the fifth annual report of the Commissioner of Official Languages. Recently, in the town of St. Albert, a group of parents who will be having children going to early childhood services next year were requesting from one of the boards if it would be possible to have a total immersion course in French. A report here points out the pros and cons of teaching civil servants at the age of 40 how to speak French. They find it's almost impossible. Back in the 1950s, I noticed the University of Alberta employed an educator to look at . . .

SOME HON. MEMBERS: Question, question.

MR. SPEAKER: It appears to the Chair that the lengthy preamble is coming from St. Albert rather than St. Paul.

MR. JAMISON: Thank you, Mr. Speaker. My question then to the Minister of Education: I was wondering if the minister would be prepared to make representation to the federal government — no strings attached, as I realize the province has jurisdiction over education — if some of the funding that went into the B. and B. could go into early childhood services for total immersion courses in French.

MR. KOZIAK: Mr. Speaker, I should point out that the Department of Education now does receive and distribute funds from the federal government to those school boards which provide for instruction in the French language and instruction of the French language according to set formulas. A number of school boards take advantage of and receive these funds which we direct to them after we receive them from the federal government. Of course, school boards that take advantage of these procedures receive these funds.

In terms of the early childhood services experience, the hon. member is aware that this is not as structured a course as appears in our Grade 1 to Grade 12 curriculum. There's a great deal of freedom in early childhood services. As a matter of fact, there is the freedom for parents to develop a community-based kindergarten or early childhood services program for their children if they wish to do so, and to use a language of instruction other than English.

VS Services Contract

MR. CLARK: My question is to the Premier. I'd like to ask if he's in a position to indicate to the Assembly whether the contract with VS Services has been signed.

MR. LOUGHEED: Mr. Speaker, I'm sorry I have not had an opportunity to follow through on the request that I determine that from the minister in Ottawa and have the acting minister respond. We'll try to get an answer tomorrow, even if the answer is negative.

MR. CLARK: We hope it is.

Gun Control

MR. TAYLOR: Mr. Speaker, my question is to the hon. Solicitor General. With reference to gun con-

trol, I note there is provision for a local registrar of firearms who will do the licensing.

Will the Solicitor General be appointing the local registrars?

MR. FARRAN: Mr. Speaker, under the existing Criminal Code, the local registrars for restricted weapons are appointed by the province. They are usually policemen in the police forces for particular areas. The RCMP registrar is in Edmonton. Calgary, Edmonton, and Lethbridge would have their chiefs of police or their designates as local registrars.

Under the new proposal for the licensing of owners of shotguns and rifles, the province has asked federal authorities whether this function can be carried out by some body other than the police forces, other than local registrars of restricted weapons, such as the wildlife officers, or perhaps recognized authorities who presently can sell hunting licences. We have not yet had a reply to this letter from the Hon. Warren Allmand.

Civil Servants as Witnesses

MR. NOTLEY: Mr. Speaker, I'd like to direct this question to the hon. Minister of Agriculture. It's a follow-up to a question I asked several weeks ago concerning a court case and the testimony of several Department of Agriculture officials.

Mr. Speaker, my question to the minister is: has the minister had an opportunity to determine whether Dr. John Taylor spent four days in court but testified for only one?

MR. MOORE: Mr. Speaker, no. I've not inquired into that matter since, but I will.

MR. SPEAKER: I would respectfully suggest to the hon. member that information would undoubtedly be available from the clerk of the court.

AN HON. MEMBER: Agreed.

Government Files as Evidence

MR. NOTLEY: A supplementary question. It is, that's why I raised it. But Mr. Speaker, I'd like to . . . [interjections] I would advise them.

The supplementary question I would like to ask the hon. minister is: in view of the fact that information contained in government files was entered in testimony during the trial without a specific court order, what is the policy of the government, particularly the Department of Agriculture, with respect to information contained in government files being disclosed without a specific court order to do so?

MR. MOORE: Mr. Speaker, we're referring to the total amount of payments made to individuals under the livestock disaster indemnity program. I believe I indicated in the Legislature some two or three weeks ago, when this subject was under discussion, that the total amount of those individual payments and the name of the individual receiving them is a matter of public record. Certainly, they can be, and very often are, listed in the public accounts of the province

under individual payments. They can be asked for by a Member of the Legislative Assembly.

Mr. Speaker, I wouldn't hesitate to make available on an individual basis to the Legislature, if it's necessary, the total amount of the payment and the name of the individual receiving it from the livestock disaster indemnity program for the length of time it's in operation, or for any fiscal year.

Civil Servants as Consultants

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister, in light of the concern by one of the parties to this case that during the course of the trial when Dr. Taylor was not testifying he consulted the lawyer for Pacific Petroleums.

My question, first of all, Mr. Speaker, is: for this kind of consulting service, does an employee of the department have to obtain the consent of the minister or some appropriate department official?

MR. MOORE: Mr. Speaker, I'm not at all sure that the statements by the hon. Member for Spirit River-Fairview are correct. Indeed, if they follow the type of accusations made some two weeks ago, it could very well be that they're in error.

Before responding to that, I would have to check the matter of the statement contained in the question.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. minister. Is there any overall policy with respect to officials of the department acting as consultants?

MR. MOORE: Mr. Speaker, with regard to this particular case and the attendance of department officials in court, I would refer the hon. member to my statement of about two weeks ago in *Hansard*.

MR. NOTLEY: Mr. Speaker, a further supplementary question for clarification. My question is: is there any policy with respect to consulting, apart from the actual testimony for which an official has been called upon during a court proceeding?

MR. MOORE: Mr. Speaker, once again, I think I fully explained the position of the department with respect to individuals who may be called upon in that regard. As I recall, very briefly, it was that any individual working in the Department of Agriculture could be subpoenaed to attend in court as an expert witness. In so doing, he is not docked any pay. In fact, if any expenses are incurred during the course of that particular exercise, the individual submits an expense account.

At the same time, a bill is submitted to the party who required the individual's attendance, which [bill] is paid to the Provincial Treasurer. No fees can be, or are, charged by the individual members of the department for whatever time they spend or whatever information they provide in that regard.

MR. NOTLEY: Mr. Speaker, a final supplementary question. What is the policy of the department with respect to billing other parties that request the

appearance of a government official? Is it based on the salary, or is it a set fee?

MR. MOORE: Mr. Speaker, I know I explained that some two weeks ago, and I just finished explaining it. The situation is that the individual or company which requests the attendance of one of our employees is charged for expenses only. Our employees are not docked any pay. In fact, if they are subpoenaed to appear as witnesses, they attend on that basis.

MR. NOTLEY: Mr. Speaker . . .

MR. SPEAKER: We've run out of time for the question period. Perhaps the hon. member could save that question till tomorrow.

ORDERS OF THE DAY

head: WRITTEN QUESTIONS

164. Mr. Kushner asked the government the following question:

What, according to information presently in the possession of the government, is the estimated annual value of the agricultural production that would be lost if the Dodds-Round Hill coal project went ahead; what is the estimated annual value of the coal production; for how many years would it produce; and what annual royalties would accrue to the province?

DR. WARRACK: Mr. Speaker, I would like to move that Question 164 be made a motion for a return, and as such is agreeable.

MR. SPEAKER: The hon. minister's acceptance of the question automatically makes it an order for a return, without the question being put to the Assembly.

165. Mr. Kushner asked the government the following question:

When, according to government information presently on hand, are the sour gas wells in northeast Calgary expected to become exhausted and the land become available for development?

head: MOTIONS FOR RETURNS

MR. FOSTER: Mr. Speaker, I move that the following motions for returns stand and retain their places on the Order Paper: 130, 172, 175, and 176.

MR. CLARK: Mr. Speaker, I wonder if Motion for a Return 172 might be withdrawn. It will be resubmitted.

MR. SPEAKER: The motion hasn't been moved, I take it. It does not require leave to withdraw.

With regard to the remaining motions, which by the motion of the hon. Acting Government House Leader are proposed to stand, does the Assembly agree with that motion?

[Motion carried]

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

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

- (1) the number and percentage of foreign workers employed by Canadian Bechtel Ltd. at the Syncrude site, between January 1, 1976, and April 1, 1976;
- (2) the number and percentage of foreign workers employed by Canadian Bechtel Ltd. at the Syncrude site in a capacity of supervision of smaller units of employees who do a particular job on the project, between January 1, 1976, and April 1, 1976.

[Motion carried]

173. Mr. Mandeville proposed the following motion to the Assembly:

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

- (1) the name of each legal firm engaged by the Alberta Housing Corporation during the fiscal years 1974-75 and 1975-76, including the name of the specific lawyer or lawyers dealt with in each case;
- (2) the nature of the service supplied by each legal firm referred to in (1), including the amount of the fee charged for each such service.

[Motion carried]

174. Dr. Buck proposed the following motion to the Assembly:

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

- (1) the name of each legal firm engaged by the Alberta Opportunity Company during the fiscal years 1974-75 and 1975-76, including the name of the specific lawyer or lawyers dealt with in each case;
- (2) the nature of the service supplied by each legal firm referred to in (1), including the amount of the fee charged for each such service.

[Motion carried]

177. Mr. Clark proposed the following motion to the Assembly:

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

All rented space in the city of Edmonton by provincial government departments, boards, and agencies as at April 1, 1976, giving in each case

- (a) the location and amount of space being rented,
- (b) the rate of rent being paid,
- (c) the name of the landlord,
- (d) the name of the occupant.

[Motion carried]

178. Mr. Clark proposed the following motion to the Assembly:

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

All rented space in the city of Calgary by provincial

government departments, boards, and agencies as at April 1, 1976, giving in each case

- (a) the location and amount of space being rented,
- (b) the rate of rent being paid,
- (c) the name of the landlord,
- (d) the name of the occupant.

[Motion carried]

[Mr. Speaker left the Chair]

head: **GOVERNMENT DESIGNATED BUSINESS**
(Committee of Supply)

[Dr. McCrimmon in the Chair]

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

**Department of
Business Development and Tourism**

Vote 2

MR. NOTLEY: Mr. Chairman, under Vote 2, it would seem to me that this is an opportunity for us to raise a number of questions about the petrochemical industry, and I would ask the minister to respond. First of all I would like to know just what the reasons were for the decision by Du Pont not to proceed. Perhaps, Mr. Chairman, rather than me giving a speech and then the minister answering some of the questions, we might just go question by question.

MR. DOWLING: Yes, Mr. Chairman, I'd be willing to respond right now. The situation with Du Pont, as with CIL, is just this. With regard to the initial proposal for what we choose to call Petrochemical Project A, some six companies at a minimum had indicated some interest in becoming involved. They were Dow, Dome, Alberta Gas Ethylene, Alberta Gas Trunk Line, plus Du Pont and CIL. During my involvement with Petrochemical Project A, a number of negotiation meetings and discussions of various types took place. As these meetings progressed, it became evident that at this time neither Du Pont nor CIL would be prepared to move to become involved in this initial stage, primarily because of the market situation, the availability of the product they were proposing to produce, and other things like financing and one thing or another.

However, that did not really mean that Petrochemical Project A would not advance. It simply meant that one of the building blocks of the entire project would not go into place at that time. Last August or September, although they indicated strongly that they could not proceed now, Du Pont did throw out the year 1981 as a possible time to become involved. CIL also indicated that downstream, in several years' time, they would probably be changing their position. The principal of CIL that we were dealing with at that time has now been transferred to London, England, to take on a major position with ICI, which is the parent organization. Just before leaving he came into my office, indicating again that because they weren't involved they hoped in time to be a part of the

building block petrochemical industry advancement. You should know, too, that CIL is presently involved in a substantial way in Alberta.

MR. NOTLEY: Mr. Chairman, to follow that along a little bit, the minister mentioned two things, financing and markets. Let's just take a look at financing for a second or two. Was it part of the bargaining by Du Pont that the Government of Alberta take out some equity or some form of additional cushioning in order for that projected project to proceed?

MR. DOWLING: When I talked about financing, they felt that the problem with the product ethylene, even though it would be sold on a cost-of-service basis, was that cost at that moment did not reflect a profitable price at the market place.

MR. NOTLEY: Were there any suggestions by Du Pont that the province of Alberta should in some way intervene, either by cushioning the price of ethylene or some other procedure?

MR. DOWLING: Those were never considered at all, if you're talking about subsidy.

MR. NOTLEY: Mr. Chairman, I'd like to proceed on the question of markets. This is one of the areas that trouble a number of people in the province, especially with the announcement by Du Pont that they are going to wait until 1981.

I'd like to ask the minister: what is the department's assessment of the market potential? Has the Department of Business Development and Tourism undertaken an independent assessment of the general market area that Du Pont would have moved into?

MR. DOWLING: Yes, Mr. Chairman, the department and other departments did try to assess what Du Pont and other companies have been saying all along. Since they know their favorable market conditions better than we do, we had to accept what they said as being factual. There was no way we were in a position to push them into becoming involved. We do know, however, that Du Pont, CIL, and a number of other companies are interested in becoming involved in a further phase of the petrochemical industry. As for analyzing their analysis, we didn't undertake that at all.

MR. NOTLEY: Mr. Chairman, just to follow up for a moment on the question of general markets, I wonder perhaps if the minister would give the committee a breakdown of both the potentials and the problems of the world-scale petrochemical industry in Alberta. I'm not talking about the CIL plant adjacent to Edmonton, but the whole question of the feasibility of a world-scale petrochemical industry specifically as it relates to two areas of concern: one, the obvious competition of Petrosar, which has been discussed in this House before; the other, the longer term impact of the Arab countries moving into the petrochemical field in a big way.

It seems to me that if you're looking at \$50 or \$60 billion a year of petrodollars that these countries receive, one of the obvious areas of investment would be a world petrochemical industry of a scale so immense that it would seem to me to pose some real

challenges right here in western Canada. It seems to me we're contemplating really getting into the big leagues when we're talking about the vast sums of petrodollars. Five or ten years ago, it might have been a different matter.

I'm wondering to what extent the department has assessed the moves now by the Arab countries, and what our problems are in relation to their development.

MR. DOWLING: Mr. Chairman, we've always indicated to the proposed participants in the petrochemical industry that in Alberta we do have a stable government; the lowest provincial tax and the lowest corporate tax; subsidies of one kind or another — educational, medical, and so on; no sales tax; and so on. These are all pluses in terms of establishing here. A major company like Dow moving into the Arab field is moving into an area that is questionable. The stability of the government, the chance of a change in government — this kind of thing could happen at any time.

We're also aware that in Iran, for example, a petrochemical industry is under way. Our preliminary examination of what they're doing in Iran — I think it's Iran or Iraq, it's one of the two that is doing something — [shows] their petrochemical industry is something like a fifth to a quarter the size of that being planned for Alberta, in terms of ethane extraction, ethylene, manufacture of vinyl chloride monomer, these kinds of things.

So we consider our plant as world scale. In relation to our petrochemical industry, we do not consider the Iraq or Iran development of that scale. The development in Alberta will satisfy the western Canadian need. We hope it will eventually satisfy the Pacific northwest need — the United States, of course — and other areas throughout the world. It's a delicate thing. A half cent per pound of ethylene, a penny per pound of ethylene — it's amazing, but it's the criterion for the thing proceeding. It's not the \$1.5 billion that's the criterion; it's whether that 1 cent per pound of ethylene makes the whole project viable.

As I've indicated earlier, Petrosar was a real devastating blow to the former Minister of Industry and Commerce, Mr. Peacock, who worked very diligently and hard to pull the petrochemical package together during the four years he was responsible for that ministry. Its establishment obviously meant that some of the product manufactured by Petrosar in Sarnia would put us a bit behind. However, we're confident that with the routes we are taking, we will have a value added to our natural gas and petroleum streams, which are now actually moving out of Alberta without too much value added. They are going out in crude form. I would suggest that with a great deal of luck in the market place, we will manage to be fairly successful.

I should just tell you what Petrochemical Project A involves as we see it at the moment. It involves the possibility of three straddle plants: one at Empress, one at Cochrane, and one just outside Edmonton. I can give you the names of those. They are in the documents we tabled already. It involves a collection network to bring the ethane to Joffre, just outside Red Deer, and from that, the manufacture of ethylene. The ethylene will be transported from there to the Fort Saskatchewan area, where it will be

upgraded to VCM, ethylene glycol, ethanolamine, and other derivatives. One further one, polyvinyl chloride, will be manufactured by Diamond Shamrock. It's a recent arrival, and is in the process of negotiating a position with the supplier of vinyl chloride monomer. That, basically, is a thumbnail sketch.

MR. NOTLEY: Mr. Chairman, I appreciate the minister's review of the world-scale petrochemical industry as the government envisages it.

I'm interested, though, in going back to two things. The potential competition from the Middle East — the minister talked about a plant in Iraq or Iran. Surely the Arab countries are making more of an effort than just one or two plants. I'm wondering to what extent the department has analyzed developments in the Middle East. Through the Petroleum Marketing Commission, or in consultation with the federal Department of Trade and Commerce, have we any ongoing monitoring of the moves?

The Arab countries have this huge amount of petrodollars. If we're going to be looking at diversifying our economy in a petrochemical industry, one of the areas that makes sense in Alberta because of our feedstock, it would seem to me the same argument is just as obvious to the Arab countries. Whether they have plants under way now, it would seem to me that is one of the areas of diversification of their economies, where we're going to see considerable investment of those huge amounts of money in the future.

MR. DOWLING: Mr. Chairman, the Middle East petrochemical plant is less than world scale. In a situation like that, they put the initial plant in and everything that follows is only according to that initial scale. On our extraction facility, for example, the initial documents indicated 110,000 barrels per day. Sometimes I get a little confused on numbers, so if *Hansard* reads it and it says barrels when it should say pounds, I hope they'll correct it. But it's barrels per day of ethane that are being extracted. On the basis of that, we have enough ethane to establish not only one ethylene plant, but a second. You will recall the documents mentioned a second [ago], and perhaps additional ethylene plants down the way.

We have always held the view that if we're to be in the petrochemical industry, we're to be in it on a world scale, or it will strictly be a domestic kind of scene. By domestic, I mean western Canada. Our market is so obviously the Pacific northwest, where they have some 28 million people, and our western provinces as well. I have no doubt there will be derivatives if, as I say, we become successful, or the next minister or whoever has responsibility for it down the road is successful. Other branches of the petrochemical industry will be established, which will bring into Alberta a great deal of product not now manufactured in Canada, or maybe even in the western world.

It has tremendous potential. We've always held the view that we must do everything we can to upgrade our resources so far as is possible. This is a first step. At the moment, the ethane is just escaping down the pipeline with no chance of recovery. It's gone, and gone forever. We feel we must capitalize on that extraction of ethylene as a first step in the building-block effort. The second step is the pipeline to bring it

to Joffre. The third step is ethylene. The fourth step is VCM, and so on. We consider each of those as a little building block for what could be a massive industry.

The other thing I'm sure the hon. member may be alluding to is, where do we propose to put them, and why? What are the negative aspects of it? I can see only one, and that is in the planning. All we can do as government is say, we think at this time it's reasonably right to move ahead with extraction plants, gathering systems, pipelines for ethylene, manufacture of ethylene first of all, VCM. That adds a considerable amount of construction during a period when the Syncrude organization is peaking, or has peaked, and the construction phase is on its way down. That is why, in the letter of understanding from the companies, there was an indication of a particular start-up date for some of the things that were going to take place. We would like to see that come on stream at a particular time, so there is not this massive up and down of labor availability. That is how we hope to have our input into the planning of it, so there aren't any pressures on our economy which could cause massive immigration of construction workers or people like that. It gives us time to upgrade our skills in Alberta, so Albertans will participate in those high-quality jobs that are going to be offered.

MR. NOTLEY: Mr. Chairman, the minister mentioned the potential for markets in the Pacific northwest. What specific initiatives have been taken with respect to the tariff problem? On a number of occasions, the Premier has alluded to the difficulties with tariffs on certain types of petrochemicals to get into the American market. It was one of the subjects discussed at the Western Economic Conference in Calgary in 1973. I wonder if the minister would like to bring us up to date on whether any progress has been made on that matter since 1973, and what impediments still exist as a result of the present tariff structure.

MR. DOWLING: Very briefly, Mr. Chairman, I can give you my personal views on what we would like to see happen. We would never like to see petrochemicals established to the detriment of the agricultural industry, which is so well established in western Canada, particularly in Alberta. However, we would like freer trade in petrochemicals, because it's a new diversification attempt in Alberta. Obviously on that basis we would like freer trade in petrochemicals. Beyond that, some initiatives have been taken. Discussions have been going on with those people who are very much interested. Our GATT position reflects that view, the position we made some time ago to the federal authority on General Agreement on Tariffs and Trade. We are hoping that when they make their presentation in Geneva our position is reflected effectively.

MR. NOTLEY: Mr. Chairman, I wonder if I could just take a moment or two to run through the basis of the petrochemical industry in Alberta. In the process I'd like to raise some questions to the minister.

As I understand the project in Red Deer at this stage of the game, we begin with 110,000 barrels of ethane per day, and that is the equivalent of about 63

billion cubic feet of natural gas. That's correct if I'm not mistaken. Motion for a Return No. 118 in 1974 dealt with the potential ethane availability in Alberta. The minister obviously doesn't have this document in front of him, but in 1976 the total amount of ethane extraction potential in the province is 109,430 barrels per day. We're looking at the Red Deer complex proceeding with 110,000 barrels a day; in other words, the entire amount.

The obvious question to be asked, Mr. Minister, is: through the Red Deer program, are we not allowing one consortium to tie up the petrochemical business as it relates to ethane extraction in Alberta?

MR. DOWLING: Mr. Speaker, no, that's not correct. If the hon. Member for Spirit River-Fairview will reflect on the letter sent through me to the department on September 17, Dome and PanCanadian were proposing to extract some 30,000 barrels per day at Empress; Pacific Petroleum, 33,000 at Empress; Alberta Natural Gas Company, 27,000 at Cochrane; and Dome Canadian Utilities, 20,000 in the Edmonton area. That makes up the 110,000.

MR. NOTLEY: Mr. Chairman, as I understand it all these other firms are tied in to the Red Deer complex. Is it not true that the basis of the Red Deer complex is 110,000 barrels of ethane a day? Of that 110,000 barrels of ethane a day, 30,000 barrels will be used by Alberta Gas Ethylene in Red Deer, which will produce 1.2 billion pounds of ethylene per year. Now the other 80,000 barrels of ethane per day will be exported to the United States. Not to raise that question at this stage, the point I'm making is the profits made from the export of the 80,000 barrels to the United States. As I understand the Premier's announcement, 30 per cent of those profits will be used to cushion the Alberta Gas Ethylene plant in Red Deer. Is that not correct? That was my clear understanding of the Premier's announcement.

The point I'm making, then, is that in fact we have a tying-in of the Alberta Gas Ethylene plant with the ethane producers who are part of this particular consortium, because 30 per cent of the profits made from the export of ethane to the United States must come back to Alberta Gas Ethylene in Red Deer.

MR. DOWLING: The cost of ethylene is reflected on a cost-of-service basis, and that cost will be passed on. I'm not sure if that's what you mean. However, you must also understand that there is room in that for additional ethylene plants. That 110,000 barrels per day can be used for any number of ethylene plants. So it could be recalled. It depends on how successful that first venture is.

At least it's a venture which has to be some considerable plus. It has not been done before, and if we don't do it, it just goes down the pipe.

MR. NOTLEY: Mr. Chairman, I'm not arguing that point. The point I'm arguing is that as I understand the agreement — correct me if I'm wrong — 110,000 barrels of ethane a day are produced. Thirty thousand barrels a day are used by Alberta Gas Ethylene in Red Deer to manufacture 1.2 billion pounds of ethylene per year. We have 80,000 barrels a day left for export. Okay.

Now the question is: to what extent are we obliged

to honor that export commitment? What flexibility do we have? Perhaps the Provincial Treasurer would like to answer this. What flexibility do we have on that 80,000 barrels per day exported to the United States? Can we cut it down next year to 50,000 barrels per day; the year after that to 25,000 barrels? Or are we locked in to that 80,000 barrels per day to the U.S. market as a long-term export?

MR. DOWLING: No. It's recallable at any time.

MR. NOTLEY: I realize that a certain amount of this is the result of nose-to-nose discussions with the principals involved, but are you in any position today to advise the committee as to what steps we're likely to see taking place, and the time period? Is it in fact feasible that within a couple of years we could have another ethylene plant, or are we looking at 10 years? My understanding of the agreement is that there's no commitment on the part of anybody to build a second ethylene plant.

MR. DOWLING: That's a difficult question to answer, Mr. Chairman. I wouldn't be about to say when a second ethylene plant would be started. That also would depend on market conditions and so on, and whether other companies would then come in to manufacture such things as I've already mentioned, perhaps low-density and high-density polyethylene and so on.

I just received a note from the Provincial Treasurer which verifies my earlier statement. In accordance with the letter of September 17, it is recallable.

MR. NOTLEY: Mr. Chairman, I'd like to ask either minister where we stand in terms of shrinkage. I understand there is a marginal shrinkage when we use the ethane. I don't know what that is; I'm no expert in this field at all. But if we have long-term gas contracts for export, how do we meet this problem of the shrinkage as a result of the upgrading of the ethane — the ethylene extraction and ultimately along the chain? Of the 63 billion cubic feet a year, how much shrinkage takes place? How do we deal with that shrinkage? Do we make more natural gas available from our reserves for the export contracts we've already made, or how is that handled?

MR. DOWLING: Mr. Chairman, that's strictly a matter for negotiation between the company taking the ethane and the company providing the natural gas stream for the removal of that ethane. As I understand it, those negotiations are proceeding rather effectively as of today.

MR. NOTLEY: Mr. Chairman, just to clarify that. Surely it's not just a question of negotiation between the companies. If we have to make more natural gas available to overcome shrinkage, surely that would have to be authorized by the Energy Resources Conservation Board and, I would also expect, the National Energy Board. It would seem to me that if more natural gas, even if it's just 5 or 6 billion cubic feet a year — I don't know what the percentage of shrinkage is; perhaps the minister could advise the committee of that — but whatever figure it is, it would seem to me that it would not just be subject to the negotiation between companies, but to the

authorization of both the appropriate provincial authority — the ERCB — and the National Energy Board.

MR. DOWLING: Mr. Chairman, if I might quote from page 3 of the September 17 letter to the department from the various companies, the second paragraph says:

Dow and Dome undertake to sell at the market prices prevailing at the time of such sale the volumes of natural gas that are necessary to provide to TransCanada PipeLines Limited the BTU's removed below 1,000 BTU/Cubic Foot at Empress as a result of the ethane extraction referred to above.

Which means they must put back the BTUs up to 1,000 BTUs.

MR. NOTLEY: Mr. Chairman, that's precisely the point I'm raising. Surely that would be subject to the National Energy Board. What I would like to know is: how much natural gas are we going to have to make available from fields in Alberta — it matters not what company is producing it — to make up the shrinkage?

MR. DOWLING: Mr. Chairman, on page 8 the letter says:

All of the undertakings given herein by the various companies are subject to the conditions that the Companies are able to make the necessary financial arrangements to proceed with the proposed project and are able to obtain the necessary regulatory approvals.

MR. NOTLEY: Mr. Chairman, that answers the question as far as the ERCB is concerned. I assume they must go through the ERCB and the National Energy Board. The minister is shaking his head, but I would like him to confirm whether that's a correct assumption.

The second part of the question is: if that's true, what are we looking at in terms of more natural gas to make up that shrinkage? That's just a factual question. I would like to know if we're looking at 5 billion cubic feet or 2 billion cubic feet. I'd just like to know what the shrinkage will be.

MR. DOWLING: Mr. Chairman, we have under examination through the ERCB that very figure as it relates to one of the extraction plants. My understanding, just in a global way, is that it is not a large amount. I will certainly make that figure public, either during the study of my estimates or in question period or at some other time, if you wish. But I haven't that figure at hand at the moment. Perhaps the Provincial Treasurer can respond if he wishes, but I think he's in a similar situation.

MR. DONNELLY: Mr. Chairman, I have two completely unrelated questions for the minister. First, regarding the Alberta Export Agency in the London oil show. The first question is: does the minister plan to participate in the London oil show? Secondly, how many Alberta companies at this point are planning to participate?

My second question is on tourism. I might as well give them both to you at the same time, Mr. Minister,

and you can answer them. Are there any plans for more highway campsites, which are so badly needed?

MR. DOWLING: Mr. Chairman, on the first one, last year the marketing division of the Department of Business Development and Tourism was responsible for our government's participation in the Aberdeen offshore oil '75 show, a very successful show even from the standpoint of the participants at that show at that very time. My understanding is that something in the order of \$80,000 worth of business was written in the first day or so. There were 13 companies participating in that show last year. This coming year "the" offshore show to participate in is the London offshore show, and we do intend to participate. We would hope that the private sector participants who accompanied us last year will again accompany us this year, and there could be additional ones. Some of those who were invited to participate last year did not do so. Most of them did. Some were a little sceptical of the value of the show. They came back, and if one thing happened over the last fiscal year that was positive in nature, it was the offshore '75 show. A great number of letters were received from participants indicating they thought it was an excellent thing for us to sponsor and to assist the private sector in becoming involved.

Our involvement was to supply tourist transportation for some of the participants and to assist them in shipping some of their material. I think the total cost was in the area of \$40,000. I can't just recall the exact figure; that I can provide for you later on.

On tourism and highway campsites, I understand the Minister of Transportation, who has some considerable responsibility for their development, is planning some additional ones, bearing in mind budgetary restraints. This year they will not be as extensive as I'm sure all hon. members would like them to be. Our view is that in many cases the responsibility for campsites, highway and otherwise, for some of them at least, will be transferred to the Department of Recreation, Parks and Wildlife, where I think they properly belong.

On the matter of campsites, through Travel Alberta we undertook last year a study by Synergy West to determine what conflict there really was between the private sector operator and the government-operated campsite. We closed two campsites in order that we might determine or assist the company, Synergy West, to determine for us the things we wanted. The two we chose either were in my constituency in 1971 or would have been had there not been redistribution. It caused me considerable concern when I received upwards of 800 letters as a result of the closure of those two campsites with a sign indicating "No Overnight Camping".

Our preliminary advertising was perhaps not as extensive as it might have been, but it did indicate to us a number of things. One was that a great number of the people using those campsites were overnight campers on their way to B.C. or other areas and were just there overnight. It indicated to us that in some instances there is a conflict between a campground system which I think is a real plus for Alberta — not instituted by this government, but a real plus, three hundred and some campsites — but it indicated that we should be upgrading some of our government-operated ones so that the private sector operators out

there do have a better chance to survive.

As I understand the situation, as a result of our most recent report, 21 private operators in the campground field are competing in an area where we have three hundred and some government-operated campsites. But our view is to continue a study that's under way between Recreation, Parks and Wildlife, Transportation, and this department through Travel Alberta, to determine exactly where we should move in changing the rules, upgrading government campsites, that kind of thing.

MR. DONNELLY: Mr. Chairman, just one other question. Going back to the offshore show in London, does the minister himself plan to attend?

MR. DOWLING: I would love to attend because of Alberta's potential for greater development in offshore. This is our initial foray. We've had the Aberdeen show, the show in Stevenage prior to that in a minimal way, then this one. We found it so successful that we're looking to other offshore shows, one in Singapore which is as great as the London one or greater. I'm not sure my time will permit. If I could guarantee that my presence would mean something significant to the private sector, I wouldn't have any hesitation. But I'm not particularly interested in going on a trip to London just to see London.

DR. BUCK: Mr. Chairman, I'd just like to ask the minister one or two things. First of all, I did my best to get the present minister a full-time portfolio. But it didn't seem to do too much good, because he didn't get the portfolio in the area I wanted him to. That is to do with tourism, Mr. Chairman. It's an industry that's in the vicinity of almost \$5 billion per year.

MR. DOWLING: More.

DR. BUCK: More? The minister says more. It's jumped a little since '72 or '73. It was about \$385 million at that time. But, Mr. Chairman, I think it's just about time this government, and the former government long before it, should have had a full-time minister of tourism. Now, Mr. Chairman, I'm not saying we should increase the size of the cabinet, but I'm saying we should give the hon. Mr. Dallas Schmidt or the hon. Mr. McCrae something to do for the \$30,000 a year they're getting from the taxpayers. So I would like to see either one of these two ministers given the responsibility of the ministry of tourism, because we have many departments with a tenth of the budget that have full-time ministers. So I would just like to have the minister indicate to the Legislature why this government hasn't moved into a full-time ministry of tourism. That will be a good start.

MR. DOWLING: Well, Mr. Chairman, we have. I appreciate the hon. member's comments. If he was of some assistance in my receiving a full portfolio, I also offer him my thanks with gratitude and zeal.

I can tell him, however, that in 1974 Alberta realized some \$528 million in direct revenue as a result of tourist trade in Alberta. That is a measure of the direct revenue from hotel patronage. We take off a percentage of that because it's not directly related

to tourism. The direct revenue in the 1975 calendar year was \$618 million, a rise of some 16.7 per cent in one calendar year.

I think it's a positive step, and I would just like to briefly say what I think have been the positive steps that have been taken by Travel Alberta as a tourist entity for the government. First of all, as all members who were here earlier will recall, when the branch started the original budget was rather minimal. I felt that if we were to move ahead successfully, we should engage some people from the private sector who knew the industry far better than anybody in government. That is to say nothing detrimental about government. I should say right now that I have what I consider the best and most effective staff of all branches of any department of government.

However, back to tourism. We recruited four people who I felt were really important: one was the executive director — a position which was then open — from the private sector, a second from the private sector came from the city of Edmonton to handle a marketing branch, a third came from another branch of government to handle the distribution network, and a fourth also came from the private sector to handle the planning.

With those four people, we managed to get the thing off the ground, and with an executive director level I think those fellows operated extremely effectively. They caused me no problems. They knew what they were doing, and they did it relying further on the private sector. They established 14 zones throughout Alberta. These zones were given some financial assistance to get operating, then cost-shared financial assistance to develop their own tourist program.

Since the Department of Business Development and Tourism was formed, I think we have had a further upgrading by elevating the executive director position to assistant deputy minister, which really gives us a two-armed department, one being business development, the other one tourism. I feel it's a move in the right direction.

I am very concerned about tourism. I believe it's an industry that can contribute a massive amount to our economy. But I also think it can be killed so very easily. I am very sensitive about anybody telling me, well, why don't you promote this area? Why don't you do that, and why don't you do this? I say, for goodness' sake, let's take it slow. Let's do it very effectively. Let's build an industry that's going to last.

My view at the moment, and the branch's view, is that we must develop facilities next. Our next major goal is additional facilities. I'm not just talking about an additional motel in Lacombe or most certainly not an additional hotel in Jasper, or anything like that. I'm talking about facilities of a major nature, something that will entice people from all over Canada to come here because there's a new destination area.

One area it has always struck me that we have never really been able to capitalize on properly is the Drumheller area and the badlands. We have done considerable work in trying to work out some sort of plan which would give permanence to a tourist industry there. The second [area] is the lake country, where we have a tremendous potential. But it could also be lost if we overpromote it.

I can recall a neighboring province not too very many years ago decided they had what they thought

was a major tourist industry. They thought the basis of that industry lay in hunting. For one year they advertised, come and hunt in this province. They had something like 50 times as many hunters as they had animals. So you can imagine what happened.

Not too long ago, I had a vacation in one of the vacation spots of the world. It was a very short vacation, and it wasn't very many weeks ago. While I was there, I decided to take some time to see the tourist officials to determine how they ran their operation and what they felt about mass transportation, like two 747s landing every day and disgorging something like 350 tourists from a particular area, how they handle things like that.

I wasn't at all alarmed when I saw parties of 250 or more travelling along a street with a flag carrier at the front and one at the back. Those you'd see two or three times a day, if you wanted to stand on that same street corner.

In any case, the officials of this place said you could do two or three things if you want to promote tourism without constantly promoting it. But when you become a destination area, you have to be extremely careful that you don't allow the tourist who's visiting to take you over. First they'll own the facilities, next they'll own the manufacturing facilities, then they'll own the dining rooms, and then you'll lose it.

I don't have a discriminating bone in my body when it comes to people, races, religions, and things of that nature. But I also am very much aware that we are Canadians first, then Albertans. I believe we have a fantastic potential in Alberta, better than the potential of any province in Canada. Therefore we must be very careful we don't overpromote.

Our promotional efforts are in certain very select areas. Just on a regional basis, we obviously promote in B.C., because we're in a net loss position with B.C. We promote in Saskatchewan and Manitoba. We put a great deal of store in promoting in Ontario, in central Canada. We promote in the Pacific northwest, which is our major foreign potential. We promote in the Chicago-Minneapolis area, because it's our next major foreign potential and one we've had some considerable success with.

Then, in order of priority, we promote in the United Kingdom, because something like 90 per cent of the visitors from the United Kingdom are what they call "vfr" visitors — visit friends and relations. They come back continually. They're back and forth all the time. The last area we promote in a major way is central Europe, Germany and those affluent countries that really have the money to spend.

Also, we do not promote our hunting. I mentioned the hunting that was promoted in a neighboring province. We do not promote hunting. We believe our hunting is available to Albertans. We don't tell foreigners they can't come in. They have an option to buy a licence like anyone else, but they pay a higher fee through the Department of Recreation, Parks and Wildlife.

We do promote the guide and outfitter arrangement. We feel there's a great deal of potential in guiding and outfitting, but only when the guides and outfitters decide to get together and form a single-window concept of an organization, so we can deal with them as a single body and promote them

DR. BUCK: Why not a minister?

AN HON. MEMBER: Agreed.

MR. KIDD: We're not in balance. I understand that even with the United States, more people go to the United States than come from the United States into Alberta. It would seem to me that in your promotions — I think you've covered it — an area to promote would be for Albertans to explore Alberta and stay in Alberta. What is our net balance?

MR. DOWLING: Our net balance is negative. In foreign travel with the United States, it's \$20 million.

You are absolutely correct that we should be promoting travel in Alberta by Albertans. That's really what we have effectively done. We started it the year before last. We put on a major campaign last year, which was extremely successful. We have statistics to prove that. That will be continued. We do it between zones. We expect that Zone 1 in southern Alberta will be promoting Zone 14, which is in the Peace River country, and vice versa.

It's amazing to attend a meeting in southern Alberta on tourism and say, how many people from here have ever been to Peace River? Just a smattering of people will hold up their hands. So we are doing that exactly, and I think that's a very important observation.

MR. CLARK: Mr. Chairman, I'd like to get away from the tourist business and perhaps move to three or four other areas. I'd like to start by asking the minister if he could indicate to us the present status of Steel Alberta Limited. I relate to some comments made by his deputy minister in September, 1975, indicating that the province was moving in this direction, that they'd incorporated, they were waiting for some decisions, and the thing would be moving on from there.

My question to the minister is: what's the status of Steel Alberta? What plans does the government have for the Steel Alberta complex this year?

MR. DOWLING: Mr. Chairman, I wonder if I could have the Provincial Treasurer respond now. Is that what you wish, or shall I proceed? Right.

Mr. Chairman, as you will recall, on December 14 of last year the actual documents were signed to provide for the establishment of Steel Alberta. You will recall the figures on that. I do have them here if you wish me to repeat them. However, since that time a board of directors has been appointed. That board of directors is now functioning with — I do have the title of the chap — in any case, an interim manager.

The interim manager came to see me today. I wanted to know what was happening to Steel Alberta, as does the hon. Leader of the Opposition. I asked him what he or the board of directors was planning for the next little while. He said, we have followed up on every one of the steel manufacturers you sent to see us. When someone who has indicated interest in developing steel or becoming further involved in steel manufacture and fabrication in Alberta came to see me in the office, I would have a conversation with them, determine what they were doing and what they proposed to do. Then I would

promptly send them over to Steel Alberta and say, I hope you have a meeting with Mr. Dave Mitchell and the principals of Steel Alberta to see whether there is an opportunity for you to become involved in a joint venture with Steel Alberta in order that western Canada can be established as a centre for steel for the western provinces.

This interim manager indicated to me they are now in the process of arranging formal meetings with every steel manufacturer they know of, in order to further promote this joint venture arrangement.

He also indicated that he would be visiting Montana, Saskatchewan, and British Columbia for several purposes, the first being to determine the present situation with regard to raw iron deposits. He indicated to me that two of the deposits in Saskatchewan did not look too promising. He indicated that the deposit in Montana did hold some promise, but he wasn't sure of that. He indicated that the NKK organization undertook a major study in the province of British Columbia to determine whether a tide water steel entity could be developed there. It appeared to him and perhaps to others that it may be pie in the sky thinking. They don't have a source of steel or raw ore in B.C. They would also be working with scrap. It looked like pie in the sky.

I have no doubt that each of the steel organizations that has visited my office and asked me how it could become involved and that I've sent to Steel Alberta has been received very graciously. I believe there will be further follow-up.

MR. CLARK: Mr. Chairman, I wonder if the minister would elaborate more. It's quite possible that I've missed something here. Is the general manager — if that's the term you use — of Steel Alberta AEC's Dave Mitchell?

Would the minister then elaborate for us where the money is now coming from for the operation of Steel Alberta? I recognize they're in the formative stages. But, really, where do we find the money that Steel Alberta is using for the various studies and work going on?

I'd also like to ask the minister on this particular matter: what does the minister expect from Steel Alberta as far as next year is concerned? Is this going to be a year of discussions, a year of meetings? Is it the government's intention that Steel Alberta will end up being a part of the Alberta Energy Company? Is that why Mr. Mitchell is the head man at Steel Alberta?

If the minister could supply us with this, I'd also be interested in knowing the board of directors. Are they the same directors as the Alberta Energy Company?

Specifically, what does the minister expect from Steel Alberta as far as this next year is concerned? Where is the money coming from to pay for the work being done by Steel Alberta?

MR. DOWLING: Mr. Chairman, since Steel Alberta is a limited company, they have their sources of funds. I would suspect they would be from AGTL and the Alberta Energy Company.

There are eight members on the board of directors. I understand the names of them to be public. They are: Mr. Harry Irving, president of Irving Industries, Irving Steel Wire and so on; Mr. Kadlec, vice-president of AGTL; Mr. Pearce, executive vice-president of AGTL; Mr. Blair, president of Alberta Gas Trunk Line. They are the nominees from the

Alberta Gas Trunk Line.

From the Alberta Energy Company: Mr. Mitchell, the president; Mr. Orr, the vice-president of finance; Mr. Bill Walsh, the manager of administrative services; and Mr. Lomas, a partner of Macleod Dickson, Barristers and Solicitors.

I expect they will follow up on the priorities established some time ago in buying the IPSCO shares in the eventual establishment of Steel Alberta. First of all, it was recognized that we could not continue to be at the mercy of the suppliers, both off-shore and central Canada, because we were in a position where we were taking second best. At the moment we do have a surplus of steel. But if the forecasts that our department is able to put together are correct, in three years we could be in a position where we were a couple of years ago, a year and a half ago.

It's our hope that a major steel entity will be put together in conjunction with the various partners now in our shares of Steel Alberta: Alberta Gas Trunk Line, Alberta Energy Company, the Saskatchewan government, and Slater Steel. What we're really talking about is a western Canadian steel entity. I have no doubt that, with the kind of people on the board of Steel Alberta, Alberta interests will be most favorably looked after.

MR. CLARK: Mr. Chairman, could I ask the minister: what's the assessment of Steel Alberta as far as the iron ore deposits in northwestern Alberta are concerned?

MR. DOWLING: It's very difficult, Mr. Chairman, to answer positively or negatively in that regard. When this department was first formed, a further study was undertaken by the Research Council which is still in progress. I have to say that it does not look as positive as I would like it to be. As a result of that, I've asked the department to look at alternatives that we might suggest to Steel Alberta, although I'm sure they're far more capable of doing that than I.

I am concerned that there is a limited supply of scrap. Scrap price has risen in the last little while from \$20 per ton to \$80 per ton, or better. The supply of scrap is so limited that we have to look for raw iron ore deposits.

Brazil has always looked very interesting to me. I'm not sure how bringing supplies of iron ore from Brazil could be accomplished, but it's something I did discuss today with Mr. Walsh, who was over to see me. I did ask him if he could give me some idea about how off-shore supplies might be accomplished. Who does it? Does the coal mining company do it? Does the steel company do it? Does the government do it? How do we accommodate or develop a supply of raw iron ore for our steel entity in Alberta?

MR. CLARK: To follow along this question of off-shore. It would seem to me one of the possibilities that either the department or Steel Alberta would be looking at would be the possibility of the off-shore ore coming back in the automatic cars that go out with coal from the Grande Cache area. I'm not sure specifically. Has that been looked at? When one looks at the economics of the McIntyre Porcupine venture, or of off-shore steel or iron ore coming to Alberta, if you can cut down the deadhead time as far as coal is concerned, that is certainly a plus. If you

can do it for off-shore steel, there are a number of advantages with the proximity of coal in, in fact, it has been the minister's constituency. Pretty candidly, has this been looked at? Where does this sit right now? What are the possibilities?

MR. DOWLING: Yes, Mr. Chairman, we did look at it briefly. If I recall correctly — and if I'm not I'll make a point of correcting this statement — the type of cars they use for carrying coal from McIntyre for example and from Luscar or wherever else are different from those they would require for carrying the raw steel. That was an obvious early question about bringing steel from off-shore. I think the problem arises in how we barter for the iron-ore deposit in Brazil, if that's the one we choose.

One of the most promising locations for getting to raw iron ore at the moment appears to be Montana. But I can give you no statistics on why I think it is. It just seems [so] to me, because of the depth of the deposit in Saskatchewan which varies from 4,500 feet in one location with over 4,500 feet of overburden to 1,500 feet in another case. Judging on the basis of that and then the poor-quality ore that you'd get out, the Montana deposit does look a little more promising. There may be some possibility in that.

MR. PLANCHE: Mr. Chairman, I wonder if I could ask the minister if Steel Alberta is now at a point in its development where they have qualified employees on their staff, or if these appointee directors are still handling the inquiries as they come in from serious steel people.

MR. DOWLING: Mr. Chairman, I did ask that question of Mr. Walsh today. I said: is it your view that the present board of directors is fully enough schooled in steel and steel fabrication to handle the development of a major steel industry in western Canada? He said, if Steel Alberta is to become effective, it's our view that those people who are going to put that effective organization in place will be a consortium of companies, including Steel Alberta and many other partners, most of whom would have some considerable expertise in the steel industry. I must thank the hon. Member for Calgary Glenmore who brought that very matter to my attention some time ago.

MR. PLANCHE: Mr. Chairman, if I may, I was trying to determine whether the people who come through the minister's office and inquire from him as to the prospects of joint equity projects or some other type of financing that he is referring to that board are now answering and carrying on discussions with the appointees from Trunk and Alberta Gas Ethylene. Do they have a qualified, salaried man on hand to discuss with these possible applicants the various avenues that may be open to them?

MR. DOWLING: Mr. Chairman, as I know it, the only people there are those people presently on the board of directors. I know of no recent appointees. It would be an internal matter. From my standpoint, I'm only interested in the entity being established in a permanent way and being of some value. However, [of] those principals whom I've had an opportunity to discuss with most recently, Mr. Harry Irving, the

president of Irving Steel Products in Calgary, knows my view full well. It's a view similar to his. I'm very pleased to see him on there because he does happen to be someone who is familiar with the industry.

MR. CHAIRMAN: Vote 2, 2.1.

MR. CLARK: Mr. Chairman, is the Treasurer going to make some . . .

MR. LEITCH: Mr. Chairman, not on this. I was merely going to respond to the Leader of the Opposition's request earlier when these estimates were being considered by the committee with respect to the availability of the survey that the Department of Treasury has been doing on gasoline prices across Canada. I've checked into that and find that we are getting information from outside Alberta pursuant to arrangements with the companies. It's not a matter that we're entitled to get, as is the case in Alberta. We wouldn't be free to release that information from outside the province of Alberta without specifically getting the consent of the companies.

MR. CLARK: Mr. Chairman, I'd like to ask the Provincial Treasurer: would he be prepared to consult the companies to see if the information could be made public? I would see no reason it couldn't. Do you have information with regard to monitoring inside the province?

MR. LEITCH: Not broken out. We'd have to prepare a separate document. I'm sure that could be done. With respect to checking with the companies, I'd be happy to do that.

MR. CLARK: Mr. Chairman, just to follow this up, the reason I asked is that the other evening — and this may be as good a time as any to raise the question — the minister quoted from *Oilweek* the average prices across Canada and so on. Checking with *Oilweek*, I find that those are figures which *Oilweek* got from Imperial Oil. I found it a bit strange that the government would be quoting figures from that area, as opposed to this information that supposedly was available in the Provincial Treasurer's department. That's why I think it would be very helpful to us to be able to get the information, not only on a national basis, but also to break it out specifically within the province.

MR. LEITCH: Mr. Chairman, at the moment I don't see any problem of breaking it out within the province. I'll check on that. If we're able to do it, we'll provide that information. Of course the answer as to why we weren't quoting from our own surveys is contained in what I had earlier said. We were getting them by agreement with the companies and on a confidential basis and haven't asked them for their concurrence in releasing it. We'll now make that request.

MR. CHAIRMAN: Our time has expired.

MR. DOWLING: Mr. Chairman, if I might just respond to a question asked earlier, it will just take a moment. So there's no confusion, the hon. Leader of the Opposition rather indicated that Mr. Dave Mit-

chell was the general manager of Steel Alberta. That is not correct. The board of directors is simply there. There are four members from each of the two companies. There's no general manager indicated. The president is Mr. Lomas, who is the appointee from the Alberta Energy Company. Executive vice-president is Mr. Kadlec, from AGTL. The secretary is Mr. Arnie Larson, vice-president of AEC. I do have another document I'd like to quote from tonight.

MR. CHAIRMAN: Our time has expired.

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

[Motion carried]

[Dr. McCrimmon left the Chair]

[Mr. Speaker in the Chair]

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

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

HON. MEMBERS: Agreed.

head: **MOTIONS OTHER THAN GOVERNMENT MOTIONS**

MR. FOSTER: Mr. Speaker, while I am not Mr. Appleby, I rise to inform the House that Mr. Appleby is unavoidably detained in returning from an obligation. I would ask the House's concurrence that Motion No. 1 stand and retain its place on the Order Paper, and that we move to Motion No. 2.

MR. SPEAKER: Does the Assembly agree?

HON. MEMBERS: Agreed.

2. Moved by Mr. Taylor:

Be it resolved that the Legislative Assembly of Alberta request the Government of Alberta to urge the Government of Canada to introduce legislation reinstating the death penalty for all persons convicted of murder.

[Adjourned debate: Mrs. Chichak]

MRS. CHICHAK: Mr. Speaker, March 18 was the date I adjourned debate. I didn't anticipate the motion would come up for debate this afternoon. However, be that as it may, we'll deal with it in a few brief comments. I refer, Mr. Speaker, to the motion put forward by the hon. Member for Drumheller and review just a few of the points he has raised. At the outset, I would like to comment that the debate he put forward on that date has a great deal of strength and merit, and I'm sure reflects the feeling of many citizens, not only from Alberta but across the country. However, other issues need to be considered.

In his debate, the hon. member put forward two

definitions which he wished to be interpreted in the manner in which they were intended under this resolution. One was his definition of the death penalty, that it meant the ending of one's life by any method [selected] by an authorized body. That death penalty did not necessarily need to be by hanging.

The other definition the hon. member wanted to make reference to — and did, at length — was to clarify what he intended to be considered in this resolution as murder. He intended that murder [mean] capital murder as defined under the Criminal Code of Canada. He went on to read the sections of the Code which set out that definition. But under parliamentary law, there is also provision that Parliament, in addition to carrying out or letting stand a sentence meted out by the court — when such a sentence is a death penalty — also has the power to grant a stay of execution and to commute death sentences. Whatever the historical reasons for this are, I'm sure one of them must be to facilitate the shortcomings in the laws man has made with respect to meting out penalties for actions which are against laws that are put in place in this country, and to overcome the shortcomings of a human being in judgment, in decision, in consideration of facts that may or may not be put forward and thereby, an innocent life may be taken unjustifiably.

The hon. Member for Drumheller also made some comments to which I wish to refer directly. On page 244 of *Hansard*, March 18, in referring to the Criminal Code of Canada, the hon. member stated:

we have found the federal government loath to act upon and to carry out the law as it has been enacted by Parliament.

But if we take into consideration that provision which allows Parliament to commute death sentences, there may be some question as to the total accuracy of that statement. I am not saying at this time that there is, nor am I indicating I disagree with that point. I think I am doing neither at the moment.

He also went on to say:

They are saying, it doesn't matter what the law says; we're not going to carry out the law. And when we have a government doing that in a democracy, we're defying the very essence of democracy.

Further on in his speech, he goes on to say:

Because democracy means that the government carries out the wishes of the people. I don't care how the federal government tries to get around this, it's not democracy if the government is defying the wishes of the people.

Well, there's a great deal of truth in that statement in itself, without relating it to any particular subject matter. But by the same token, the people of Canada, including Albertans, in this democracy again have the right — and I think perhaps the responsibility — to convey to those members who represent them in the federal Parliament that they are not carrying out these wishes, and that the people are not in agreement with the direction the federal government is taking.

I think that kind of expression has to be directed to those for whom they had the opportunity to vote or refrain from voting. I am not sure that we, as a provincial government, can collectively and fairly express all the divergent points of view of Albertans on this very subject in one fell swoop. I think we

have to impose the responsibility on every citizen if we are going to talk about or refer to a democratic system or process which requires a certain responsibility of each of us.

Further in the hon. member's presentation, he referred to a Canadian opinion poll and indicated some statistics, which at one point or another showed a very high level of concern that the death penalty should be meted out. I believe the hon. member referred to a study carried out in 1974 by a Dr. Bibby. The reference to the study by Dr. Bibby, and another study and statistics compiled for a period from approximately 1940 to the present, indicate a fluctuation in the feeling or the expression of concern on the part of the people of Canada. It seemed that that fluctuation was very relevant to the incidence of a dramatic change in the degree of crime or trial influences during the span when a study or survey might be carried out. It seemed that the reaction of the people fluctuated with the kinds of passions and emotions, inflamed or otherwise, as they were dictated by the incidence of the commission of crime from one period of time to another. I think that this change or fluctuation must have something to do with our economic well-being, the economic health of the country, the availability of jobs, an individual's ability to earn a comfortable living — or if it was a time of strife.

The hon. member also indicated that we have a tendency to pamper those who do not have a sufficient respect for the law. In his message he has indicated:

There's a tendency to pamper the criminals, to make sure all rights of the criminals are preserved. Sometimes we forget about the rights of other citizens in this country. We're too anxious to support the rights of the thugs who are out to take life and to take the law into their own hands.

In great measure I agree with those remarks, but we have to look at who has the tendency to pamper criminals. If we simply reflect on current incidents of crime and violence, when these individuals who commit crime and violence are apprehended by our law enforcement officers or dealt with in the prisons to try to keep order, it is the public itself which then becomes compassionate and criticizes this strong enforcement, if such is the case. Only when it touches us close to our hearts, someone we know as a friend, someone who is a member of our family, do we become bitter. But time and time again this society has, in fact, reacted in the very way that the hon. Member for Drumheller suggests. Are we laying the total blame on Parliament, on those who are elected, or should we lay some of this blame at our own doorsteps?

As well, I can't help but feel my emotions rise from time to time, and I become very concerned about the very pampered way we deal with criminals. But will we resolve the problem by bringing in or extending capital punishment? Is that really going to cure the ills of our society, the ills that perhaps in one way or another each of us has played a part in establishing?

I'd like to refer to some reports that have currently come forward with respect to the position that the Solicitor General in the federal Parliament has taken and some of the concerns he has expressed. I think it might be worth while to look at the statements he has

made, at the positions that appear to be taken. Let us examine them from our own point of view. Perhaps about a month ago, the federal minister conveyed to the public his concern; he criticized capital punishment on the basis that it had serious drawbacks. He has indicated that:

In our system it has been found that where you have capital punishment for a wide range of murder ... the juries ...

and I have to say the juries

... are very hesitant to convict.

It appears he has found that juries are afraid to make a mistake and send a person to his death, and rather than send somebody to that very irreversible excessive penalty, as he indicates, they acquit, resulting in the person being back on the street with no conviction. I wonder if perhaps that point in itself is not a very strong argument for a need to examine the entire system of corporal punishment.

Another very interesting point which he makes from his review of what has been happening in this country with regard to crime and punishment is that capital punishment has been traditionally applied to a greater extent against the poor, the immigrants, and people with less education. Now, I'm not going to accept that statement simply because it is the Solicitor General of the federal Parliament who has taken that view. I think that is a reality. It has often been said, the rich get richer, the poor get poorer. The rich find justice by one means or another and the poor pay the price. I have a real concern about the percentage of our people in Canada who are below the poverty level, the number of people at this level who find themselves violating the law in one form or another. There we have to look at the cause, and then we must examine what ought to be the resolution of that very problem.

This resolution states that we, as a government in this province, should make a recommendation to the federal Parliament that they must enforce capital punishment and not abolish it. If we in fact do this, who indeed then would suffer the most by this very act? For an answer to that, I would simply have to read again this report that [it is] traditionally the poor, the immigrant, and the people with less education, because they are the ones who are struggling to exist, to live, to find a place. They have come, emotionally, passionately, to a conclusion that they can survive in no other way but to take what they need to live, in whatever manner they can get it. Because by being righteous, by following the law and by striving for it in a just and equitable way, they have not been able to succeed. And why? Perhaps that segment of society which has been very affluent, which has managed to educate itself, which has managed in one way or another to earn a standard of living to be envied by many, is that segment of society which truly makes the majority of the laws, sets the standards others are expected to follow, and sometimes is very dispassionate with those who, for one reason or another, have not had the same opportunity.

I think it is important, through this resolution, to impress on each individual citizen his or her responsibility to be carried out as between that citizen and the federal parliament. Because truly, so long as we have democracy in this country, that is the mechanism provided for conveying that expression of

concern. I would have to question whether on behalf of each and every citizen, we can collectively express accurately a fair and honest view. If this were the means by which these expressions were to be made, then I would say that that is our responsibility and our duty. But I think that we would be endorsing an abdication of the very responsibility each citizen has on his or her own behalf, if we did the job for them. I think we would not do it adequately. I think it is important that every citizen express his concern in his way, and the concern which they have which can vary so widely.

Thank you, Mr. Speaker.

DR. WALKER: Mr. Speaker, Hamberton once said: "The opinions of men who think are always growing and changing, like living children." The topic of capital punishment is indeed subject to the whims and changes of our times. We seem to swing from the extremes of 100 years ago, when children were hanged for stealing a loaf of bread, to the present trend where barbaric murderers are maintained in well-nigh luxury jails, demanding privileges as prisoners which many of the less fortunate but more law-abiding members of our community cannot even afford.

Facts are often stubborn reminders to us that our impressions are not always correct. The impression that capital punishment reduces violent crime in a country does not seem to have been borne out by the statistical facts of research projects both here in Canada and in many other lands. If we must kill in retaliation for violent crime, then I believe we can kill in a humane manner — for example, with a hypodermic injection of narcotic drugs in lethal doses — but not in the barbaric way that has been [used] in the past. Less than one-third of the hangings in this country have been carried out properly, which is by breaking the cervical spine and transecting the spinal cord, causing instant death. Approximately one-third of hangings strangle the victim to death; another third literally yank the heads off.

It would be a worth-while exercise for members of the Legislature to attend a hanging. I would be very interested to know how many of them, afterwards, would approve of hanging as a method of killing.

AN HON. MEMBER: Agreed.

DR. WALKER: The greatness of our courts lies not in being strong, but in the proper use of strength when it is indicated, and having sentences carried out and adhered to. Seventy per cent of murders in Canada are the result of domestic squabbles by people who have never before been involved in any violent crime. I do not concur that the death sentence will stop the killings. But I do know there are psychopathic killers in our society who must be removed from this earth, not as a punishment to the offender but as a kindness to innocent people who must be able to live and go about their duties without fear of indiscriminate violence against them.

When a person's mind becomes so deranged that his whole living becomes bent on violence and destruction without any rationale or knowledge of the immorality or illegality of his actions, then I do not believe we have a cure for him, and he has to be recognized as an absolute failure of our whole

system.

Is it right for us to legislate the ultimate penalty for killers of policemen and jail guards, yet the killers of judges, lawyers, and other prominent citizens can recline in the relative comfort of our penal institutions with a reasonably good assurance of release in seven or 10 years, when they can come out and repeat their misguided pursuits? At least the rapid extermination of offenders precludes any repeaters.

The whole question of capital punishment is so charged with prejudice and emotion that I very much doubt if we can collectively influence our confreres in Ottawa who have their own feelings on the matter which may not necessarily tally with the wishes of their constituents. But I do feel that when legislation is eventually decided on, legislators should cease playing games with sentences, and that only in very extreme and extenuating circumstances should a death sentence be commuted to imprisonment or otherwise avoid the intent of the law of Canada. While there may be differing degrees of capital crime, depending on the intent involved, the punishment should be related to this intent and not related to the age, sex, or occupation of the unfortunate victim.

In conclusion, Mr. Speaker, I feel that each of us can influence, or at least advise, our federal confreres of our individual views. But if these views are in conflict with theirs, I doubt they will be voiced on our behalf. It is often difficult when one is up to one's neck in alligators to remember that the primary objective was to drain the swamp.

I wish our federal confreres well in coming to a reasonable conclusion on capital punishment and its enforcement.

MR. MUSGREAVE: Mr. Speaker, in rising to debate this matter once again in this House, I still feel that there are certain sentiments in our society which go back many thousands of years, particularly to early biblical times when it was an eye for an eye and a tooth for a tooth. When you look at those times in which those laws were first laid down, there were very good reasons for having such laws.

AN. HON. MEMBER: How do you know?

MR. MUSGREAVE: How do I know, the hon. member asked. Well, it was obviously a rural society, living in very tough times. The lifespan was about 30, and the protection of the tribe was all-important. You had to deal out justice swiftly and effectively, and all members of the tribe had to know what would happen to them if they didn't obey the rules.

AN HON. MEMBER: That's what we need.

AN HON. MEMBER: Hear, hear.

MR. MUSGREAVE: But, Mr. Speaker, I'd like to ask the Legislative Assembly, does it reduce the number of offences? Does it contribute to a peaceful society? Does it increase our respect for life? Does it classify citizens? One kind of citizen would lose his life if he killed a policeman; however, if he killed a girl in a rape or a bank clerk during a holdup he wouldn't lose his life.

At present, Mr. Speaker, there is great pressure on legislatures, by police associations in particular, for

hanging those whose lives are lost when they're performing their duties as policemen or as prison guards. I appreciate that there are returns from the people showing that 85 per cent of the citizens of western Canada feel the death penalty should be brought into effect.

I'm concerned that this motion doesn't distinguish between capital and non-capital murder. It simply says murder. As the hon. Member for Macleod pointed out, over half the situations are domestic. So if we approve this motion, if a man killed his wife in a fit of rage or vice versa, our society would in effect say, yes, we support that and we'll now dispose of the other partner, in effect creating orphans. I'm sure we don't want to adopt that attitude.

I'd like to point out, Mr. Speaker, that those who are charged with murder are usually poorly motivated, of a lower educational level and poor mental health attitudes, and usually come from a poor background or no background of family life. Surely the hon. Member for Drumheller and those members of this Legislature who would support this motion don't believe this society should be taking an aggressive attitude to those to whom we should be putting out a helping hand. I appreciate the fact that at times of murder emotions are brought to the fore, but I think we here have to be more rational in our decisions. We've got to represent all the people, not just those who fill out petitions. We've got to represent the poor, the sick, the stupid, and the uneducated, not just those who can respond to a cleverly worded petition put together by politicians in Ottawa who quite frequently are too lazy to study, think, investigate, or generally do any hard work to try to find out what the true situation should be with relation to legislation.

It should be a great concern to all citizens of Canada that police forces are lobbying governments for punitive legislation. It should be a great concern to all citizens of Canada that this week a police force in Canada was on strike for more money. Now this is where our society has got to, and yet the police forces in Canada, particularly those in the urban scenes, are among the highest paid in the world.

Mr. Speaker, the great concern I have regarding pressure from police or guard lobbies is the great tendency to react to violence in a violent way. In years gone by, we used to hang people for stealing sheep, we used to garrote them, we used to cut off their hands, put out their eyes, castrate them, split them in two. We even burned them. But we still have murder and all the horrendous crimes we're familiar with. Mr. Speaker, in the past we did every inhuman thing we could think of. It's a great concern to me that we don't let police or paramilitary groups push us into a police-state mentality. To suggest that we should support legislation that our federal members say is necessary — and it comes quite often from the uninstructed, the uninformed, the emotional, the uncaring flighty public opinion, because 85 per cent want hanging — is destroying the purpose of democracy.

We have a small gallery here. We have the press able to report on television what we do. But we represent all the people; not just the few who are able to come here and listen to us, not just the few who might happen to read the newspapers or watch television, but all the people; not just the most vocal

or the uninformed, but every citizen in the province. It would make as much sense to me to set our wheat prices on a survey of what the farmers want, rather than what the highest buyer would pay, or determine the size of our police forces on the number of dollars they think they could spend.

Mr. Speaker, I'm unhappy with our federal government breaking the law as it relates to capital punishment. I'm unhappy with the parole system. I'm unhappy with life terms being short terms. And I'm very unhappy that we have long delays in punishment of criminals. The tendency of Canada is to repeat all the mistakes made in western civilization in treatment of prisoners.

But of more concern to me, Mr. Speaker, is that this motion is not in our jurisdiction. I think it's impertinent of this Legislature to be suggesting to the federal members what they should do in the way of legislation. As I said previously in the House, there's nothing to prevent an individual MLA from sitting down and writing to his MP. There are a lot more concerns that we should have in our relations with the government. I feel that for us to get involved in this situation is only going to lead to a straining of relations with the federal scene.

Mr. Speaker, I would like to point out one reason I do not support the tendency, particularly in western Canada — and I know we live near an agrarian population. I know that many of us are only one generation from the farm. Some of us are still on the farm. I know that a rifle or shotgun is an integral part of any farmhouse. I know that some members of this Legislature have said that their weapons have sat so long in their living rooms that they are now rusty and wouldn't work anyway. But I'd like to point out that public acceptance — and I'd like to quote, Mr. Speaker, from a report by a criminologist in a university in British Columbia.

"Public acceptance cannot and does not convey any legitimacy upon a cruel, demeaning, and bestial practice.

"In a civilized society, lynching is abhorred, though it is more than any act a spontaneous expression of public opinion and a true manifestation of what the public wants."

Dr. Fattah said public opinion is subject to wide swings and is too changeable to be reliable.

"The fact is, simply, that the public doesn't care about the death penalty except when some dramatic crime or trial influences passions and inflames emotions."

So, Mr. Speaker, to get back to my main concern on the motion, I think it would be unfortunate if this Assembly requested the federal government to do anything with regard to bringing back the law for death penalty; particularly, as the motion says, for murder.

We have a great amount of work before us. This is a field of federal jurisdiction, and in my opinion as mentioned last session we should vote this motion down and get on with our business. The Government of Canada is hard-pressed on the matter, and it's very emotional, but it will reflect our relations with them in health — our health minister is down there now — in education, and in revenue sharing. Mr. Speaker, I cannot understand why this kind of motion is on the Order Paper when, in my view, it is clearly out of our

area of concern and responsibilities as elected members of the Legislature of Alberta.

MR. DIACHUK: Mr. Speaker, I would like to express a few of my personal views, some of my constituents' views, on this resolution. I do on occasion refer my constituents to the Member of Parliament who represents them in Ottawa, and on several occasions I myself have spoken to some of the honorable gentlemen in the House of Commons with regard to the return of capital punishment.

Personally, I favor the return of capital punishment. I know somebody will say to me, how can you, as a Christian, favor that stand?

AN HON. MEMBER: Agreed.

MR. DIACHUK: I admit that sometimes we Christians do things when even some non-Christians can't understand how Christians can do them. But at the same time, I believe this view is not something we should do collectively as the Government of Alberta. I don't believe our colleagues in Ottawa are going to do it as a group. They're going to be doing it possibly on a free vote, if they ever get to it, with all the other business they have.

I've often thought of the material that keeps coming across our desks and into our homes. I'm almost of the opinion that the same people who advocate abolition of capital punishment are also advocating gun control. I can't get those two together, because I am of just the opposite view. As I have indicated, I favor the return of capital punishment. But I can't see why we must get into gun control. To me, once you have the intent to do away with somebody — it could be someone who is close, such as the wife, or the wife's lover, or it could be the milkman — I don't think a person thinks about getting a gun. They may even choke them. That is still murder. Yet it seems that in our society, the same people who are advocating one are advocating the other. The two of them are quite opposite, to me. I hope that some day I can get that clarified. I don't question that these people have honorable intentions when they want to see capital punishment abolished entirely, and at the same time want to see gun control.

Some of the citizens of this city and this province are quite proud of the sticker they wear on the bumper of their automobile, that thieves and murderers will still have access to guns even if there is gun control. I noticed that some of the members who spoke on this on March 18 took two sides. I myself will take one side, that I favor the return of the death penalty for murder.

I also want to say that I can't really accept the statement of my colleague, the Member for Edmonton Norwood, that every one of us has contributed to some extent to the situation in this nation. I don't think I've contributed anything to murder. There are times I may have thought of it, but I haven't contributed to it yet.

At the same time, I appreciated her description of her views. But I thought [it was] of real interest today as we sat and listened to our colleague, the honorable doctor from Fort Macleod, indicating there could be a pleasant way of doing it. I wonder if just a chiropractic adjustment would do it, instead of a needle — just one adjustment. And I thought maybe

my honorable friend and colleague from St. Paul said that when he worked as an employee of Fort Saskatchewan, that's really what it was. It was just one adjustment, when they dropped off the platform.

We still must look at this, that there is some deterrent. The same people who advocate the return of capital punishment for the murder of a policeman or security guard — you know, what difference does the occupation of a person make? He could be, as so often happens, the operator of a small grocery store. What difference does it make whether that little businessman is put in a different category?

I would say, let's put them all in the same category. Let us return to the approach we used to have, because moving away from it in the last number of years hasn't improved the situation. Without looking at any statistics, it appears to me it has made it worse in our nation.

Now, there are other contributing factors. Today in our newspaper a minister of the Crown in Ottawa indicated that violence on TV is a contributing factor. Therefore, I will have to concede that abolishing capital punishment possibly wasn't the only factor that contributed to a rise in murder in this nation. There are other factors.

Let's take this one case at a time. I urge that we encourage our constituents to write to the people in the House of Commons who make this law or make the changes in this law. At the same time, as was mentioned by the hon. Member for Calgary McKnight, [I urge] that we do our own lobbying with our friends in Ottawa and urge them to return capital punishment to our criminal code.

Thank you, Mr. Speaker.

MR. ZANDER: Mr. Speaker, I have a few moments, but I don't think I will conclude today. Listening to all the hon. members speak — and of course they quite delightfully have said that this is an issue for the Parliament of Canada, and we should bring our representations to those people who represent us in the federal field.

AN HON. MEMBER: Agreed.

MR. ZANDER: To some extent, I must disagree with that attitude. Some months ago perhaps, I think some hon. members of the federal Parliament of Canada did a survey, at least in my constituency and in the constituency to the east, because I saw some of the results of this survey. Eighty-five per cent of the people who were canvassed or who received letters from the Members of Parliament voted in favor of capital punishment.

We must acknowledge one thing: society today is sick. We are socially a sick people, not only in Canada but all over the world. We are a permissive society which permits almost anything to happen. I listened to Mr. Bruce Hogle on TV some time ago, when he said we are a society today that permits jails — we don't call them jails any longer, we call them correctional institutions. We carpet them from one end to the other. We provide color television. We provide all kinds of recreation. We provide education and we also provide entertainment, some of the best in western Canada. Some people who are not in the institutions cannot enjoy that type of entertainment.

He also said, how do you get into our magnificent

institutions? Is there some way that people can get this type of treatment? The law-abiding citizen of this province does not receive that type of treatment. He must work for his daily bread. Then of course you've got to remember that people in the institution also have the privilege of striking. He also has the privilege, although somewhat restricted, to take some of the guards hostage and hold them, and perhaps kill them. We do this all in the name of society.

The hon. Member for Calgary McKnight has suggested that in biblical days it was an eye for an eye and a tooth for a tooth. It was not only that. It was commanded that he who takes another's life, his life shall be forfeited. We call ourselves a Christian nation, a Christian province. We even say prayers in this Assembly before we begin every day. Yet we can stand and say that what applied in the days written of in the Good Book is not applicable to us, because we are a much superior society. We are a society that can do anything we want in the name of the law and make it legal.

Mr. Speaker, I don't believe in death by hanging — hanging a person who has committed a crime against society by taking another life. In a court of justice, where all the facts have been exhausted, if he is found to be criminally sane, I believe he must forfeit his life, if we are supposed to remain a Christian nation, if we believe in the Bible.

Mr. Speaker, the hon. Member for Macleod has mentioned premeditated murder. I can recall many incidents that happened in the courts of law in the late '30s and '40s, where the judge and the jury for days, if not weeks on end, exhausted every avenue. If the jury did not recommend mercy, the person guilty of that crime was hanged.

We've heard of surveys taken that [show] crime has not been on the increase since we abolished capital punishment. Mr. Speaker, I don't know who took the survey. But it seems strange that just a few months ago a life was snuffed out by a rapist west of the city of Edmonton. With good police investigation the criminal was caught. I wonder, all hon. members sitting in this Legislature, what you would have thought if this had been your sister or your daughter?

Mr. Speaker, I can recall riding in a plane from Minot, North Dakota, to Chicago some two years ago. I had the pleasure of sitting with a senator whose attitude was that there be no capital punishment, that you have to rehabilitate the criminal. Mr. Speaker, beside him sat two beautiful teen-age girls. I asked the senator point-blank: Mr. Senator, what would you think if sometime during these next few days one of your daughters was criminally assaulted and murdered? He didn't say too much, Mr. Speaker, but when we got off the plane he bought me a cup of coffee. He said, I never thought of that.

It is good if a murder happens to be down in Lethbridge or Washington or London. I live in Drayton Valley. It doesn't affect me as an individual. But let it touch your own family, and it becomes a different matter.

Mr. Speaker, it was not many years ago that in some of the United States kidnapping and rape were punishable by death. It is almost criminal to sit through a rape case in a court of law today. Almost 99 times out of 100, the victim, the woman who has been raped, becomes the person who has committed the crime.

We start to treat criminals as if they were criminally insane. Maybe there are some; I would not doubt that. But there are people who commit a crime against society by taking the life of another person in an act of passion. I don't see how any hon. members . . .

AN HON. MEMBER: An act of what?

MR. ZANDER: Passion, or an act of revenge. I can't see how any hon. members in this House can possibly say they are in favor of taking away capital punishment. As the hon. member who just spoke has said, he can't find the difference in the relationship between taking away guns and capital punishment. It's true — very much so, Mr. Speaker. There are many means whereby a criminal can take the life of another person if he wishes to do so. He can do it by knife, he can do it by choking, he can do it by poison. He doesn't need an automatic rifle. But I'll venture to say that the rifle or the handgun is still the most important tool used by the criminal who has a mind to commit murder or robbery.

AN HON. MEMBER: Adjourn debate, Rusty.

MR. ZANDER: Mr. Speaker, I am not quite through. I'd like to adjourn debate at this time, because the clock is now at 5:30.

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

HON. MEMBERS: Agreed.

MR. FOSTER: Mr. Speaker, by way of House business tonight, I propose that we continue in Committee of Supply with the Department of Business Development and Tourism and, if we conclude that, move to the Department of Utilities and Telephones.

I would ask that with unanimous leave of the House, Mr. Speaker, you do now leave the Chair and this House resolve itself into Committee of Supply.

HON. MEMBERS: Agreed.

MR. SPEAKER: The Assembly stands adjourned until the Committee of Supply rises and reports.

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

[The Committee of Supply met at 8 p.m.]

head: **GOVERNMENT MOTIONS** (Committee of Supply)

[Dr. McCrimmon in the Chair]

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

Department of Business Development and Tourism (continued)

Ref. No. 2.1

MR. COOKSON: Mr. Chairman, I don't have a long speech coming on, but I would like to say a few words. Perhaps this might be the best place to make a few comments.

I noticed that the Member for Spirit River-Fairview briefly mentioned some reflections about the petrochemical industry. I would like to commend whatever input the cabinet and government had in locating perhaps the first major petrochemical plant operation in the constituency of Lacombe. We wait with great anticipation for its eventual construction. I know a large number of problems have to be solved in an operation of this size. A lot of decisions have to be made. But as I've said, we wait with considerable anticipation.

I might add, Mr. Chairman, that it has had a very buoyant and positive effect on the general area. I think I can reflect fairly the great anticipation of the various municipalities, including the city of Red Deer, the surrounding areas, and even some of the smaller villages which have already felt some spinoff from the potential impact of the petrochemical industry.

I was disappointed to find that Du Pont, I guess it was, cancelled its lease in the area, because I think if you're going to have a petrochemical development, it has to be total. It has to include some secondary manufacturing plants in conjunction with it. I recognize that pipelines are a very convenient, effective way of transferring a product from one location to another. But if we're really committed to decentralization and fair growth throughout the province — and I think we are — I think we as government have a responsibility to encourage as much as possible, without unfair subsidization, secondary industries: in this particular case, plants which will produce ethylene glycol and the other base products.

I understand Dow is now before the Energy Board and may have already received approval to locate its plant at Fort Saskatchewan. I don't wish the member over there any tough luck, but I'd appreciate it if he could share some subsidiary industries with the area I represent. It would be very disappointing to me if all the ethylene developed in the Joffre area were moved to other parts of Alberta. I know the cabinet and the Minister of Business Development and Tourism will have some positive input in encouraging these secondary industries to locate in that particular area. We have a large agriculture-based area and can't possibly employ all our young people, so we rely to some degree on industry that may be encouraged to come into the area.

As has been said before, this is a highly desirable kind of industry to have. It's a clean industry. It requires skilled workers and highly qualified workers. And they make a great contribution to all other facets of the standard of living: the various recreational and cultural enjoyments that other parts of Alberta have, particularly the main cities.

Once again I want to congratulate the government. I know the former Minister of Industry, the hon. Fred Peacock — who is still not able to be with us, but I know he is getting along well — had a lot to do with

the basic groundwork in encouraging the petrochemical industry in Alberta. I know the Premier and the men and women who sit next to him have a lot to do with this too. I know the kind of conflict, and that negotiations have had to go on with the federal government with regard to this because it's an entirely new concept. I think Alberta has to be commended for showing the way. We're just not going to accept transfer of these products, in raw form, outside this province without some concessions from central Canada, particularly the federal government, [for] the various secondary industries being encouraged here.

If I might, Mr. Chairman, I'd like to refer briefly to the Lacombe downtown development project, which came under the hon. Fred Peacock's jurisdiction and was later inherited by the Hon. Bob Dowling in Business Development and Tourism. The Leader of the Opposition raised this issue earlier. I'd like to follow up and express to the minister a few concerns I have had regarding the potential development there.

The Lacombe downtown development project was just one of a number initially promoted, in a sense, throughout the province. I think the hon. Fred Peacock had the concept of improving downtown business areas. It was an excellent concept. I was privileged to have an opportunity to participate in these presentations at a later stage, particularly the one at Lacombe, although I didn't get in on the initial drafting of the concept. I know this concept was not just started in the town of Lacombe, though I must admit the information I have been able to scan indicates to me that the Lacombe downtown development project was to be a pilot project. To me a pilot project indicates that the intent was to design this particular area, possibly put some financial assistance into its development, and assess the impact it would have on the town, with the hope that perhaps at a later stage the concept could be expanded to other areas of the province. Mr. Chairman, I regret very much that the hon. Fred Peacock was unable at the time to sell to the balance of the government, and the cabinet in particular, the concept he had in this case.

I think if I were to give any free advice to government, I would suggest that sometimes when we start these projects or concepts we have to be very clear in all our negotiations and our delivery: yes means yes, no means no, and maybe should mean no. Rather than use these vague terms and build up false expectations and hopes, it [should have been] very clear, right from the beginning, that in this particular case there was clearly no thought on the part of the government that assistance would be given to the project. That never came through in all the documents and information I've had an opportunity to be exposed to. So as one of the businessmen from Lacombe commented in a radio interview, he felt the town of Lacombe had been virtually "screwed" by the government — if I may use that term.

I've had an opportunity to look at some other initial developments around the province. For example, there has been a development study at Slave Lake. I think a study was made in Peace River in which the terms of reference were not too clear. I think the hon. Leader of the Opposition had a project in the making in that area, and possibly the terms of reference weren't too clear. There may have been other projects in the making.

Until someone can prove differently, I'm satisfied in my own mind that there was an intent to give some financial assistance to such a development. There was an intent to use Lacombe as a pilot project. In the course of the 1975 election, the shifting of ministers, and the vast expansion of expenditure which the Provincial Treasurer had to assess and present to us, this was one of the concepts which had to go by the by.

At the present time in the town of Lacombe, we have an area downtown which a private concern was able to finance and buy. A number of buildings were moved from this area, and there is a considerable pile of rubble. Someone has put a sign in there that says, "Welcome to L.A." I suppose it means welcome to Lacombe or Los Angeles. I'm not sure. It's one of those unsightly things.

It certainly has made it uncomfortable for me, because I didn't get into the initial negotiations. I came into them late. I found that the downtown people were unable to sell the concept to the government. So I just wanted to express that concern. I think the concept is good.

If I might make a suggestion to government, it might consider a fund that would be set aside, something like the Alberta Opportunity Company or the Ag. Development Corporation or some similar agency. As the funds became available, they could be used on a rotation basis to promote this concept, with participation by private enterprise and by the municipality concerned. There's nothing wrong with this concept, and I think it could be worked out.

Mr. Chairman, perhaps I should mention the Devonian Institute, which was founded by the late Mr. Harvie of Calgary. Mr. Harvie acquired considerable wealth in his lifetime, but was a commendable Canadian and Albertan. He devised ways and means by which he could redistribute that wealth to the people of Alberta. He set up what is known as the Devonian Institute, a private foundation with a vast sum of money which is allocated throughout the province from time to time. The concept behind it is to provide funding for the improvement of downtown centres in the smaller rural areas of Alberta. I think it's important we recognize this great contribution by an individual. I know that a number of towns and villages have made use of this funding, and I hope the town of Lacombe will also be able to make use of it, maybe at a later date. I thought it was a great, generous gesture on the part of a private individual. I'm simply saying that if a private individual can develop this kind of concept to promote growth and new ideas in rural Alberta, surely government should take a long hard look at that concept.

Again I want to express my concern at the fact we weren't able to help Lacombe. I also want to point out to the minister that as recently as this morning, talking to the mayor of Lacombe, he hasn't given up the concept. I understand they've now formed an organization in which the municipality itself, that is, the town of Lacombe, will be actively involved, hopefully with the idea in mind of not just developing a small part of the town, but drafting an overall plan and concept for the total downtown business area of Lacombe.

I also want to commend the government and the former minister, because he was willing to make an investment on at least the initial concept of the

downtown development. I think the province put \$50,000 or \$60,000 into this drafting plan, and I know they spent a considerable amount of money in some other parts of the province. I think it's important that if we're going to spend this kind of money, we must be clear that hopefully some or all of that investment will be used, not simply filed on some back shelf and forgotten.

Those are my thoughts, Mr. Minister. I don't know whether I've posed any questions, but you may want to make some comments on the direction the government might be taking in this area.

MR. CHAIRMAN: May the hon. Minister for Taber-Warner have permission to revert to Introduction of Visitors?

HON. MEMBERS: Agreed.

head: **INTRODUCTION OF VISITORS** (*reversion*)

MR. BOGLE: Mr. Chairman and members of the House, it is with a great deal of pleasure and personal pride that I introduce to you tonight members of the treaty commemoration program. As you all know, during this most important year, Alberta is commemorating the 100th anniversary of Treaty No. 6. Next year we'll be commemorating Treaty No. 7.

With us this evening are, first, the chairman of the program, Chief Joe Dion from Kehiwin. He's accompanied by other members of his committee: Tom Cardinal, vice-president of the Indian Association; Wilf McDougall, band councillor from the Piegan Reserve; and Les Healy, the federal co-ordinator of the program. He's from the Blood Reserve in southern Alberta. Would you join with me in welcoming them to the House.

head: **GOVERNMENT MOTIONS** (**Committee of Supply**)

Department of Business Development and Tourism (*continued*)

MR. CLARK: Just before we get so anxious to be agreeable here, I too would like to hear the minister's explanation of what went on in Lacombe. I wouldn't be as charitable as the Member for Lacombe. As far as I'm concerned, the government led the people from Lacombe down the garden path starting in the spring of 1974 and March 1975. The consultant met with the business people in Olds. It just happened, I'm sure, the election was in March 1975. After I met with the people in Lacombe on this particular project, I then had the opportunity to speak to people in Peace River and Slave Lake who had been led down the government's garden path the same way. In fact the people in Slave Lake had a rather colorful brochure that the government helped pay for — and finally, I guess, did pay for — and they are still waiting for this to be implemented.

In the House last spring, I discussed the situation as far as Olds was concerned. The Minister of Housing and Public Works at least acknowledged the

problems that developed there, and Olds has moved ahead at least as far as its provincial building is concerned. Now, it's more than coincidence that we had the folks in Lacombe, Slave Lake, and Peace River all thinking the government was fairly serious about this idea of some sort of downtown redevelopment scheme. I'd be interested in knowing how many other suckers you had on the string, how many other communities you made the same kinds of promises to.

MR. DOWLING: Well, Mr. Chairman, I'd be happy to respond to those questions. First of all, I should say to the hon. Member for Lacombe that he was extremely patient during the time I had responsibility for the downtown Lacombe project and the study undertaken by Community Pathfinders. By tomorrow morning I should have the order for return requested by the member of the opposition.

Just briefly, Mr. Chairman, it says the minister requests that this company, Community Pathfinders, undertake a pilot project with regard to Lacombe designed to meet these objectives subject to the terms and conditions hereinafter named. It states specifically, and I should read the first paragraph:

Whereas the Minister is desirous of receiving assistance, advice, recommendations, reports, studies and data to help assist in the redevelopment of downtown rural Alberta, and the Consultant has agreed to undertake a pilot project designed to meet these objectives on and subject to the terms and conditions hereinafter [stated] . . .

And it goes on to say other things about downtown rural Alberta.

As I understand from the former Minister of Industry and Commerce, the purpose of the study was to determine just how far a government would have to go in order to stimulate rural downtown redevelopment. The result of the study was to prepare a guidebook indicating why redevelopment should be considered, illustrating some alternative physical and economic models, the type of support that might be offered, and from where that support might come. In this particular case, the pilot project indicated that financial support would be required. On that basis and because of the magnitude of the proposal, if that pilot project had proceeded it would have meant, since the figure was \$200,000 for Lacombe, something like \$200,000 times 100 communities, which would be of the order of \$20 million, a rather large sum for commitment but not unjustified, I think.

On the basis of the preliminary results of the study, we proceeded to take it forward as a departmental proposal to the government through not only a caucus committee of our government, but also a cabinet committee. At that time, during the presentations both to the caucus committee and the cabinet committee, we were obviously in a position where we were making some decisions regarding cutbacks in government spending. We were not successful in getting it through either of those committees. The suggestion was made that if financing could be made available through the Opportunity Company, there was no objection to that, and perhaps there would be some subsidized financing through the Municipal Finance Corporation. I did make the suggestion to the people from Lacombe that they proceed to the Alberta

Opportunity Company. But I understand that was never accomplished.

However, having said that, in my view it does not mean that downtown Lacombe or downtown rural Alberta development has been shelved to be forgotten. It means it has been temporarily put on the shelf, not to be forgotten, but to be kept in mind as a guide to how rural Alberta can be developed and how the people of rural Alberta can develop their small towns.

Obviously, if you don't win a particular proposal, you feel a little dismayed. But I don't think it should be regarded as total defeat. I consider it a step in the learning process. I doubt that I've ever won any in the first round. Usually it takes 10 times around.

Just briefly on the two other studies that were mentioned, I don't know too much about the Slave Lake one, although from my limited knowledge of it, I would imagine a great deal of it was DREE. I can't comment beyond that.

I do know something of the Peace River one, because my compatriot at the end of this row and I spent a great deal of time together. It was a project stimulated by the MLA in which he tried to pull together the people on the school board in Peace River, the recreational people, and the Department of Public Works on a joint project to develop a recreation complex of some magnitude.

Beyond that, it most certainly wasn't a departmental thing. It was interdepartmental, private sector, two levels of government. It most certainly was not the Department of Industry and Commerce or the Department of Public Works. I also say the same about the Slave Lake project. That was not stimulated by the Department of Industry and Commerce at that time.

As I say, the matter has been shelved temporarily. I hope it will not be abandoned. I have made a commitment to the hon. Member for Lacombe to visit Lacombe the moment the session is adjourned, either with officials of the department or by myself, to discuss with him the alternatives for development of the downtown area. I look forward to that meeting and to the results of it.

The other thing the hon. Member for Lacombe mentioned was the value of the petrochemical industry and how he hopes very much that it will proceed, not forgetting the rest of rural Alberta. I'm sure he recalls the Premier's statement many times, as do all other members, that our priorities in this department run hand in hand with the priorities of government.

We believe that balanced growth throughout the province is one of the cornerstones. We believe in optimum resource upgrading. We believe in decentralization, where it's possible. Obviously, in that regard, I'm referring to AOC, ADC, anything the government can stimulate to decentralize. We believe in expansion and upgrading of existing businesses. We believe in travel planning development. We believe in industrial development and planning. So I have no doubt that during the course of the next several months and years there will be a large amount of industrial development and an expanded economic base in all Alberta.

Very recently we received a copy of a summary of a document commissioned by the Texas government by a corporation known as Arthur D. Little Inc. The study was on the effects of the establishment of the

petrochemical industry on Texas state and on U.S. economics. The following findings were reported in the trade press:

1. \$130 billion in finished products are made in the U.S. based on the Texas-produced petrochemicals.
2. The value of the finished products accounts for 13 per cent of the G.N.P.
3. Three million jobs are provided.
4. A barrel of crude oil shipped from Texas provides a return of about \$9.00. If the hydrocarbons in the crude oil are converted through petrochemicals to finished products, the equivalent value can reach as high as \$200 . . .
5. The value of the products made in Texas' petrochemical industry in 1972 was \$6 billion. This is about 10 times the value of the equivalent crude oil used.
6. The production value for industry dependent on Texas petrochemicals occurs as follows:
 - South Atlantic region - \$27.8 billion
 - East North Central region - \$27.6 billion
 - Middle Atlantic region - \$23.6 billion
 - West South Central . . . - \$10 billion
7. Payrolls of industries dependent on Texas petrochemicals total \$20.6 annually.

We have contacted Mr. Little to have a copy of this sent to us. I believe those answer the two points made by the hon. Member for Lacombe and the hon. Leader of the Opposition.

MR. CLARK: Mr. Chairman, I would just like to make two comments. First of all, one of the things that mystify me about this whole Lacombe situation is: after the government went to the caucus committee — if that's the route you went — and then to the cabinet, why in fact the people of Lacombe weren't advised by the government that this project had been shelved.

If I recall the events clearly, it really wasn't until the Ombudsman replied to them that they finally got word from the government that it wasn't prepared to go ahead. In fact, to make a long story short, we can say the people in Lacombe were swamped with people from your department, Mr. Minister, until after March 1975. Then it seemed everybody lost interest in the project. I can appreciate — although I don't understand why the government made the decision to become this deeply involved in a project in Lacombe and then back off.

But if that was the government's decision, unwise as it was, why didn't the minister or his department advise the people of Lacombe? Because despite what the minister said, the businessmen of Lacombe had made available something over \$200,000 to go ahead with the project. As late as February of this year, the minister didn't know they had that money available. At least in a letter the minister wrote to me, he said there had been no money made available by the people in Lacombe, when in fact there had been.

Now, Mr. Minister, why couldn't the people down there get an answer from you or from the government? Why did the people there finally have to go to the Ombudsman? The Ombudsman told them there was nothing he could do about the decision, but at

least he could find out if a decision had been made. The decision was no. Why didn't you tell them this once the decision was made, rather than let them hang on the vine for a number of months?

MR. DOWLING: Well, Mr. Chairman, just briefly as I said before, I considered it a departmental proposal, not a Lacombe proposal. My information — and I thought it was correct at the time — was that the amount of money the hon. leader says was put aside in the bank was not in fact there.

On the other matter, I just had a little note from the hon. Member for Lesser Slave Lake. He indicates the Slave Lake redevelopment scheme was a dream of provincial civil servants in the provincial planning board at the urging of the Human Resources Development Authority, and that the minister at the time was Mr. Ray Speaker.

MR. FOSTER: Who's he?

MR. CLARK: Mr. Chairman, that's not the first time the minister has been wrong. The minister should go and talk to the town council in Slave Lake. He'd find his information isn't right. It was the now government which was involved in, if you want to use the term, the dream as far as Slave Lake is concerned. So after he gets finished explaining to the people of Lacombe, he might make a trip to Slave Lake and find out the facts up there too.

I'd just like to make one other comment as far as this is concerned. If this government is looking for things it can do to help the centres in rural Alberta, it would be very well advised to bring forward a piece of legislation that would put a portion of the heritage fund — let's say something like \$20 or \$25 million — into a revolving fund and make it available to rural communities across Alberta on some pretty carefully set out criteria, so the kind of rural development the former minister had in mind could go ahead. It's regrettable the present minister has lost the vision.

This is one concrete proposal — and we will be making a number more — that this government should be looking at, rather than airy-fairy schemes as far as the heritage savings fund is concerned. Be very well advised to take \$25 million of that fund, put it in a revolving fund, and then make it available to rural communities across the province. If it were done that way, it would be accountable to the Legislature to boot.

DR. HOHOL: If you're against the fund Bob, make up your mind.

MR. CLARK: Oh, back to the salt mines, Hohol.

MR. DOWLING: [Inaudible] to receive that suggestion from the hon. Member for Lacombe.

MR. CLARK: Well, are you going to do something about it?

MR. COOKSON: Mr. Minister, could you comment as to whether the government has put any specific grants, matching grants or total grants, or funding into any other municipality in the province in regard to a downtown concept in your summation, other than perhaps the consultants who go in and do the

draft work and the architectural concept of this sort of thing? Has any funding been carried out in the past? I think the people in Lacombe would feel a little happier if they knew at least that if they had been shafted, a few others possibly had been shafted at the same time. At least they could start out on equal ground in any future negotiations.

MR. DOWLING: Yes, Mr. Chairman, we do. Through the regional development branch there is not a grant system, but an amount of money set aside to pull together five or six towns, maybe up to 10 of the smaller communities, and establish a region that will work together to develop their area in an economic way. The amount of money in a normal way is probably about \$20,000 per region. I believe in our budget this year we have an amount of \$60,000 set aside for three different new regional development projects.

Agreed to:

Ref. No. 2.1	\$4,532,000
Ref. No. 2.2	\$3,673,000
Ref. No. 2.3	\$478,000
Ref. No. 2.4	\$507,000

MR. R. SPEAKER: Mr. Chairman, I'd like to make a comment or two with regard to the remarks of the Member for Slave Lake — not to defend my position, [because] I'll certainly stand by what we did with confidence. But I would just like to refer to the regional centre plan. I recognize that this regional centre plan was put together by a group called Computerized Project Management Ltd. The document or letter in here is dated November 5, 1973, in which they make certain statements with regard to the program, the plan, and the package. If the Member for Slave Lake is a little unaware of which government was in power in 1973 — and I have no recall of ever hiring this particular group — possibly he should do a little more homework in his own back yard before he gives advice to the minister. That's no way to get to cabinet.

MR. CLARK: The minister should still go to Slave Lake to find out what's happening.

Agreed to:

Vote 2 Total Program	\$9,190,000
Ref. No. 3.1	\$1,015,359
Ref. No. 3.2	\$1,843,503
Ref. No. 3.3	\$1,847,334

Ref. No. 3.4

MR. KIDD: Mr. Chairman, on Industrial Sciences, maybe a word on what we're spending on research into what specific problems are encountered in conjunction with the oil sands.

MR. DOWLING: Mr. Chairman, the AOSTRA organization, which was formed just recently, has employed as its research agency the Research Council of Alberta. They are now setting up research on environmental effects on soil, all kinds of things of this nature, but they are in fact the primary research

organization. That, in brief, is their job. They are our research arm.

Agreed to:

Ref. No. 3.4	\$2,148,818
Ref. No. 3.5	\$274,986

DR. BUCK: Mr. Chairman, could I just ask a question or two of the hon. minister? Could he give us a quick run-down on how he feels the Alberta Opportunity Company is functioning and if it is still supposed to be set up to help the small businessman? In several instances, I just don't seem to have confidence that it's doing the job it was meant to do for the small businessman.

A small businessman in my community practically got down on his hands and knees to get a loan from AOC. It was a viable business. This man was running a small business out of a practically 10 by 10 store, feeding himself, his wife, and three children, paying all his bills, and making a good living. When he went to AOC, he just didn't get any results after 18 months of trying. In fairness, when I brought this to the minister's attention, he certainly did intervene. By that time it was too late.

Our good friends from the federal IDB — if you've got 13 or 14 per cent interest they somehow seem to find some money for you. But to me, this is what AOC is supposed to be all about: helping that small businessman the banks don't seem to think is big enough, and the business that is not quite viable enough.

I've said several times that when we have to help out Neonex with \$500,000 at 8 per cent or thereabouts, my heart bleeds for poor old Jim Pattison of Neonex. It really does bleed. But I can't blame the hon. gentleman, because if you can get 8.5 or 9 per cent money, hair on you, as they say. That would be a pun, I guess.

I would really like to have the minister's views on how he feels the company is operating. At the same time, a most interesting letter received by all the members of the Assembly should be read into the record. This comes from Chem-Wash Industries. We were all invited to their official opening to find out what they are doing, and it makes interesting reading. I think it tells a very interesting story. They headline it "Buy Canada Back":

But be certain you are prepared to pay for it yourself because no one will help you, especially the governing bodies of this great land.

Slightly over three years ago, in January of 1973, we purchased the service division of an American company.

Prior to the purchase, we approached all lending institutions of which we were aware, seeking financial assistance. The loans would have been secured by the assets which we proposed to purchase, the life savings of the sixteen persons who were to be the shareholders of the new Canadian venture, the proven operational and management experience of those sixteen persons to insure the success of the operation (as proof of their determination, they were prepared to sign personal guarantees for any and all loans).

The fact that the funds for the purchase had

to be acquired from sources in the United States indicates the willingness of Canadian lending institutions, especially those of the Federal and Provincial governments, to back Canadian ventures.

Mr. Chairman, they go on:

Although we continued to approach Federal and Provincial lending institutions after the purchase was complete, with the idea of replacing the hastily arranged foreign financing with local long-term financing, we met with no success. We were always refused. The reasons for the refusals varied from:

- (a) The new Company must have at least one year's experience before assistance could be considered.
- (b) The lending institution could not . . . help us because such a loan would constitute refinancing, and that was not allowed according to the by-laws of the institution.
- (c) We were too poor — too inadequately financed — too much of a risk.

And he went on:

- (d) We were too rich — we had too much money — we did not need assistance.

The letter goes on to say:

We spoke with numerous political people, — M.L.A.'s, M.P.'s, hoping that they could direct us to the proper source. We wrote letters, even to the Prime Minister of Canada.

And he says:

On one occasion we were told, by an employee of a Provincial lending institution, that we must be on the verge of bankruptcy or we wouldn't be there.

Mr. Chairman, you know this really indicates to me — you would think it would be just about automatic that a group such as this would be able to receive funds from AOC. The members of the Legislature — I know the hon. member, Mr. Donnelly was out to see the plant. I believe . . .

AN HON. MEMBER: Rubber-stamp.

DR. BUCK: He wasn't rubber-stamping that day. He was out on his own. I guess he probably received permission from the whip to make a trip to Devon.

MR. DONNELLY: I went in the morning and on my own.

DR. BUCK: Good, I'm glad to hear that, Tom.

But really, Mr. Chairman, and to the minister, to me it's just unbelievable that an organization such as this would have any problems getting funds from AOC. It's an Alberta business trying to buy back an American company, which they did. They had to go to the United States to get money to buy an American company, to bring it back to Canada. And we said, we can't help you. So, Mr. Chairman, I would just like to have the minister indicate to us how he feels AOC is operating and if it's doing the job the way he thinks it should be.

MR. DOWLING: Mr. Chairman, I'm delighted that Chem-Wash was brought up. I will acquaint the hon. Member for Clover Bar with the facts:

Prior to the purchase of the service division of Magnachem in January 1973, Chem-Wash did not approach the Alberta Opportunity Company. Chem-Wash financed this purchase by arranging for short-term financing from an American firm [on their own]. Subsequently, when Chem-Wash approached the A.O.C., they were made aware of the fact that A.O.C. provides financing only when conventional sources will not. It should be noted that subsequent to . . . A.O.C. contact, Chem-Wash were able to arrange re-financing through the Royal Bank.

Chem-Wash knew if they could re-submit their application to AOC and if it was felt that all the facts had not been advisedly presented, they would be asked for them. Chem-Wash chose not to do this. It did not present the facts that were requested by the AOC.

"Chem-Wash could not understand why they were turned down by the Alberta Opportunity Company", but they thought it was an automatic source of financing, which it is not. It is a high-risk area, and it is not automatic. If you have any option of receiving financing from another source, you should receive it there. AOC is not interested in American financing.

According to Chem-Wash, their involvement with the Alberta Research Council, which was practically a donation to Chem-Wash, "was not particularly satisfactory". Well, maybe their process wasn't exactly what they thought it was and that's what the Research Council told them. Therefore, I think that's a satisfactory conclusion, if it is correct.

DR. BUCK: It isn't.

MR. DOWLING: Chem-Wash have told the department they will be setting up a new venture in an associated field of endeavor in the near future. As they are anticipating having difficulty obtaining the necessary long-term financing for this project, Chem-Wash will likely apply to the Opportunity Company, and that application will be welcomed. So what you read is not always totally correct. I think the Opportunity Company has acted very responsibly in dealing with this particular application. I really think they try very hard to deal responsibly with all of them.

As you know, there is now a board of 12 members, four recent additions. I'm not sure I'll be able to name them all. But one of the recent additions, a very interesting one, is Mr. Lewis of the Devonian Institute from Calgary; Mr. Lord from Lethbridge, Mr. Heckbert from Vermilion, and Mr. Jim Jensen from Edson. I think it gives the Opportunity Company a very balanced board. We attempted to establish the membership on a geographic basis to give some input to the Opportunity Company board and on the basis of the particular forte the new member might have.

I should just indicate a few figures that were presented as a year-end statement, and will be in the annual report of the Opportunity Company. There were 211 loans for the fiscal period ending March 31, 1975: 67.7 per cent of those, or 143 of them, were in the area from zero dollars to \$75,000; 29 were from \$75,000 to \$150,000; 28 from \$150,000 to \$500,000; and 11 over \$500,000. The situation with regard to loans that exceed \$500,000 is that we must take them to cabinet and they must receive cabinet approval.

The junior branch managers now have the authori-

ty to make loans totalling \$25,000; the senior branch managers, \$40,000; credit superintendents, \$50,000; departmental manager-director, \$60,000; managing director, \$75,000. This process has speeded up the application system. Sometimes it takes a great deal of time and causes me considerable concern that people have to wait. However, I'm confident with a managing director like Mr. Clarke, who is truly a hard-nosed businessman and gives me many laughs every week because he takes exception to government and some of the things government does.

But aside from that, I consider the Opportunity Company one of the most difficult things I have to handle, because applicants automatically consider they should receive financing. But they should not. The Opportunity Company is for the fellow with an idea, the fellow who just can't put that package together, the fellow who wants to make wedges because he knows wedges will sell in the Japanese market, the fellow who wants to introduce water wells to Indonesia. He got a loan, an \$11 million contract, a \$1 million guarantee. But it's working and that kind of thing is going to work.

There are some real success stories in the Opportunity Company; but I should say, too, there are some failures. Our failure rate is about 5 per cent. I feel it should be higher than that and we should be taking higher risks. We look down the road at a failure rate of perhaps 8 per cent. That's a funny thing for government to be looking for, a way to lose investment money, but I think if we have money to invest in the future of our province and our people, we should do it through an agency that shows the private sector still has initiative. I look forward to the Opportunity Company continuing its role as a stimulus for people all over Alberta, and primarily those in rural Alberta. My understanding is some 70 per cent of the loans still go to rural Alberta. Just very briefly, that's it.

I should follow up with an expanded answer to the hon. Member for Banff who asked for some information about what the Research Council did with regard to the oil sands. They are, of course, involved in things other than that, like coal gasification. They have a project under way at the university lab, which makes a very interesting day if you'd like to go over and see it. In their oil sands research they do *in situ* extraction techniques, information service as a gathering service. They do bitumen separation and processing. They have geological and environmental studies under way, and many others. But these are commissioned by the AOSTRA organization and the Research Council, and their people are directed in whatever direction the AOSTRA organization feels they should go.

DR. BUCK: Mr. Chairman, just two small points and questions to the minister. Either the minister is clairvoyant or overly defensive. That he just happened to have all that information on Chem-Wash is quite interesting. I guess he possibly had some vibrations or pangs of conscience or something.

The question I'd like to ask is: is the new director, Mr. Heckbert, the same one who lost the nomination to Mr. Lysons?

MR. DOWLING: Would you say it again? I'm sorry, I missed it.

DR. BUCK: Is Mr. Heckbert, the new director, the same gentleman who lost the nomination to Mr. Lyons?

MR. CLARK: Tory nomination.

MR. DOWLING: I know Mr. Heckbert from his association with the insurance industry. It could easily be. He played a very substantial role during my time in Consumer Affairs, always as a representative of that insurance organization, a small-town business organization. He has been the mayor of Vermilion.

MR. CLARK: He also sought the Tory nomination twice.

MR. DOWLING: There was another proposal for a member of the Opportunity Company [for a man] who was in fact a mayor at the time. We chose not to consider him, because some members of the government might think there was some conflict. However, Mr. Heckbert is no longer a mayor. I think he will make an effective contribution. I only know him through his association with the insurance industry, but I think him to be a first-class guy.

MR. TAYLOR: Mr. Chairman, I'd like to ask one or two questions and then make one or two comments. The questions involve coal gasification. I wonder if the hon. minister would advise if the pilot plant has been set up and is working now, and if he knows whether the excellent low sulphur content coal of East Coulee is being tried in this coal gasification plant.

There are two other comments I'd like to make in connection with the Alberta Opportunity Company. I think you have to judge a company, a person, or an organization by the way they react and by your own experiences with them. I have found the Alberta Opportunity Company excellent indeed in helping the people who really need help, who couldn't get help from other sources. I have had some applications from people who wanted to save money by not going to conventional sources, but they were well able to afford that, and AOC turned them down. I can't find too much fault with that.

The company wasn't set up to save people who have the wherewithal, the money; it was set up to encourage people who don't have the wherewithal to get into business and establish industries in the province. I think the applications that have come from my area have been handled very thoroughly. One application was rejected, and I got additional information and brought it to the attention of Mr. Clarke. Immediately the case was reopened and restudied, with this company eventually getting necessary funds.

Other applications have been made, and money has been supplied. So my experience with the AOC, particularly with Mr. Clarke, has been excellent. I commend them for the healthy attitude they take in regard to encouraging and helping smaller industries and people who want to get into manufacturing or even just a business in one of our smaller towns.

The other point I'd like to mention in connection with the Alberta Opportunity Company is an excellent service they provide in counselling new businessmen, businessmen going through financial difficulties, or

businessmen who don't fully understand the financial implications of various things. Without hesitation, Mr. Clarke has sent one of his men on occasions when I have requested it, and this has proved very, very helpful. It wasn't a case of lending money. It was a case of getting a person straightened out with regard to some of the intricate financial dealings in which many people find themselves.

So I would like to encourage the Alberta Opportunity Company to continue that counselling service. I think it will keep many businesses in business, and help many survive a storm that otherwise might take them under. Altogether I've found the Alberta Opportunity Company a real asset which has been very very helpful to people in the constituency I have the honor to represent.

MR. DOWLING: Mr. Chairman, I'd like to thank the hon. Member for Drumheller for his contribution on AOC in particular, and to apprise him of what projects are under way with regard to coal gasification. A set of volumes, abstracts on coal gasification has been assembled in the Research Council, and they're continually updated. That's a starting point and a backdrop for work going on beyond that.

As I indicated earlier, there is a simulator in the university lab. It will cost in the neighborhood of \$60,000 and should be in operation this year. In addition to that, there are field projects, some in the Drumheller area. The one in the Drumheller area is the one involving the greatest amount of money. I think it is something in the order of several hundred thousand dollars. That money is supplied by the Department of Energy and Natural Resources.

They do such additional research projects as suppression of coal dust on unit trains, coal deterioration during storage and shipment, properties of coking coal, blends, analytical methods, and non-fuel uses of coal. I should say that in that simulator, when it comes into active production, they will be manufacturing methanol, synthetic liquid fuels, and so on. At the time it gets under way, I would like to invite members of the Legislature to visit the lab and see it in working condition.

MR. NOTLEY: Just one or two comments. I was interested to learn of the additions to the board. I'm not particularly familiar with the gentleman from Vermilion. I am familiar with my old friend Jim Jensen from Edson, and it's nice to see another valiant campaigner has been promoted to greater and better things.

However, Mr. Chairman, the point I want to make is: notwithstanding the fact that the board probably will not go down as the most neutral in the world, I think the AOC has been doing a good job. Quite frankly I have to say that in dealings I have had with the AOC as the Member for Spirit River-Fairview, I have found the work quite excellent. I want to state that at this time.

The question I really wanted to put to the minister, Mr. Chairman, was that he mentioned 75 per cent of the loans still go to rural Alberta. I assume he is talking about the loan applications that have been processed. I'm interested in the dollar value, how that breaks down.

I'm also interested in the breakdown between urban Alberta, that is, taking in a small city like

Drumheller or Camrose for example, including that as a city and then all the smaller centres — what the breakdown would be there, if the minister has any figures, both in terms of loan applications approved and also dollar value.

MR. DOWLING: Mr. Chairman, I indicated that about 70 per cent of the loans in terms of numbers go to rural Alberta. And the value in terms of dollars, fortunately or unfortunately it's about evenly split, 50-50. So of the total value of loans of \$23 million, approximately half would go to rural Alberta. We do consider rural Alberta to be all centres outside the two major urban ones.

On the appointment of Mr. Jensen, prior to this last term, I understand him to have been an active Socred campaigner. But he's a right winger, and of course that puts him in my good books. I also understand him to have had a brother who was a candidate or something, but I couldn't be sure of that. I'd hate to mislead the opposition.

When I mentioned a figure, in number 76 per cent of the loans were under \$100,000.

MR. CLARK: I would like to make just three comments as we conclude the estimates. I take it we are at that stage now. Is that right? Good.

AN HON. MEMBER: I hope so.

MR. CLARK: I'm sure the minister will too.

First of all, I'd just like to say that we haven't raised the Export Agency effort tonight, primarily because it's in Public Accounts tomorrow. I trust we'll have an opportunity to follow up the Export Agency after Public Accounts tomorrow, either in the succeeding Public Accounts meetings or perhaps back here in some other form, as far as the estimates are concerned, or by one of the Thursday afternoon resolutions. Because I should simply say that if there's one agency in the government that seems to be completely fouled up, Mr. Minister, you have the opportunity of being head of that agency. That's the Export Agency right now.

I say it's completely fouled up, not because the idea didn't likely have a great deal of merit initially, but because of the reorganization, the lack of decision, and because of the reorganization, the that's really heading the thing is just, to be very candid, a bloody mess. But we'll get to the Export Agency tomorrow and perhaps later in the House.

As far as the gasoline situation is concerned, my only comment is that I hope the minister will follow up on the kind of discussion we had the other night in the House. I pointed out earlier that the figures the minister gave from *Oilweek* were really Imperial Oil figures. I find it strange, after the number of years governments in this province have been involved in that particular area, that the government doesn't have some figures of its own.

I've done a little checking with regard to the comments made by the Member for Drayton Valley. If the purchases were made from a bulk oil dealer in the Tomahawk area around the middle of March, say March 17, the base price was something like 56.2 cents. You add 10 cents excise tax to it, and it comes to 66.2 cents that the people would be paying for gas from the bulk dealer in Tomahawk.

It is interesting to note that the very same day, rather than pay the 56.2 cents that a farmer would pay, plus a 10 cents excise tax, the retailer across the street pays 57.7 cents plus 10 cents. So the price the garage operator would pick up the gas for would be 67.7 cents, which is a great deal different from the kind of information brought to our attention by the Member for Drayton Valley.

Mr. Minister, I would be extremely disappointed . . .

In fact, I would have to say I don't think you should carry on in your position if in fact the Export Agency isn't straightened up come the fall session, and also if you haven't taken some decisive action as far as the small garage operators in the province are concerned.

Agreed to:

Vote 3 Total Program	\$7,130,000
Department Total	\$16,795,010

Department of Utilities and Telephones

DR. WARRACK: Mr. Chairman, I actually have two sets of opening remarks. One is strictly housekeeping. I believe you were alerted by memo by the Law Clerk of the Assembly that there was an error in the printing of the books we have before us. It's an error that does not affect the aggregates, but does affect the total on grants in the department and the total on supplies and services.

There's an area of expenditure that is mixed between the two, and this affects a variety of items throughout the set of books. But it all hinges on the one error, and I'm in a position to indicate to all hon. members exactly where they can pinpoint this and revise their books, if that's in order. I ask what you desire, Mr. Chairman.

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Go ahead.

DR. WARRACK: Okay. First of all, in the large book, Estimates of Expenditure 1976-77: Programme Estimates. If hon. members will turn to page 332, in the Summary by Object of Expenditure, Supplies and Services, and Grants, there's a simple \$1,000 error. The Grants total ought to be \$1,000 higher and the Supplies and Services ought to be \$1,000 lower. That's a very minor item but nonetheless an error I wanted to point out at the outset.

The more major one I was thinking of — and I guess when I said there was only one error, as a matter of fact, there are two — is on page 335. Again, in Summary by Object of Expenditure, if hon. members will look at the totals for Supplies and Services and for Grants, the difference there is \$258,000. That was formerly in Grants and instead should be in Supplies and Services. So the correct new figure under Grants is \$33,895,000. Note of course a percentage change from '75-76 is forecast from 7.8 to 7.0. Then, in Supplies and Services, that amount needs to be added, bringing the total for Supplies and Services to \$1,753,150. That then goes from 25 per cent to 46.6. That takes care of the

housekeeping on the book I mentioned.

Because the estimates are also broken down by element details and by capital expenditure estimates, if hon. members will turn to Element Details, Supplementary Information, page 170, those same corrections need to be made in each of the two books. In this instance it's a matter of clarification that the Grants figure I gave a moment ago of \$33,895,000 is comprised of the Grants to Distributors, \$33,000,000 — that's for the rural gas capital expansion program — plus the Grants for Utilities Officers, \$732,000; the Grants to Isolated Communities under the Rural Electric Development element; and the \$1,000 on what's called Grants to Individuals for Generating Plants, which is essentially a contingency item. That makes up the exact total of the grants I referred to in the other book.

The final correction is in the Capital Expenditure Estimates Supplementary Information on page 53. When you look at the heading, Provincial Support for Capital Construction, it's necessary to subtract the \$258,000 difference I mentioned initially, and you come again to the correct figure of \$33,895,000. Similarly, under the column heading total of 1976-77 capital expenditure, Vote 2 Utilities Development, there again it's necessary to subtract the \$258,000 to get a total for the department of \$33,901,250. That sounds like a lot of correction but it all stems from one very minor error and one major error. The totals across the entire department and in the other items totalled in the books are correct. That was by way of housekeeping, Mr. Chairman, and I hope members find that helpful.

The remarks of substance with respect to department responsibility that I want to allude to are in an area that I don't think I've commented on in the Legislature before, nor to my recollection, since assuming my present responsibility, I have had any questions about. That's with respect to the area of communications. That's a pretty hot topic in some areas of Canada, although obviously not particularly so in Alberta.

In making brief comments on this area, I would like to refer hon. members to the fact that I did make extensive remarks during my comments on the debate of the throne speech with respect to utilities in putting [forward] the natural gas rebate plan. Rather than being unrelentingly repetitive, as sometimes happens here, I thought I would not repeat those comments at this time.

Also, with respect to telephones, I would refer hon. members to the remarks made earlier by the member of the AGT commission, the MLA for Calgary Bow, Dr. Neil Webber, and his very useful comments on Thursday last week on Bill 205 proposed by the Member for Drumheller.

The communications area I refer to — and I can be brief in my resume — refers to communications responsibilities that are provincial responsibilities but are not entirely within the responsibilities of Alberta Government Telephones. For example, the matter of cable is a very serious bone of contention in some provinces, particularly the province of Quebec, the question of jurisdiction with respect to cable. The more recent proposal of the federal minister, the Hon. Jeanne Sauvé — whom I met in Edmonton two weeks ago tomorrow — [was] that instead of a jurisdiction issue, why not try a practical approach

where the responsibilities could be delegated under the federal jurisdiction, but nonetheless delegated on certain local matters of importance in the eyes of the provinces involved. There's the possibility this may appear in phase two legislation contemplated for this summer.

With respect to communications, this is a serious matter in a number of provinces. Therefore, if it's a serious matter to some provinces certainly it's a serious matter to Alberta itself. In the phase two legislation of communications, a policy by the federal government — phase one legislation having already been passed and in effect in Canada as of April 1, 1976 — the legislation might perhaps permit local option; although as I understand it, the federal government is not settled on that at the present time, certain areas of cable authority being delegated to the provinces with respect to such matters as franchise and the handling of other matters more local than federal in nature and scope. That's one area for consideration.

I might mention that insofar as Alberta is concerned, one clear fundamental cornerstone of Alberta communications policy is that the present circumstance — the province of Alberta being fully responsible for jurisdiction over Alberta Government Telephones with respect to its ownership, operation, and its regulation — be continued in Alberta rather than in some alternate course, for example, federal regulation. That's one very major area of important policy from Alberta's point of view.

There are some concerns about some other kinds of market penetration in the communications area coming about due to new technological developments, and I'll not do more than mention them at this date. For example, the Canadian Overseas Telecommunication Corporation is a federal entity newly named Teleglobe. Secondly, Telesat is in the satellite communications area of business, particularly referring to service in the north, as well as elsewhere across Canada, where the possibility is that facilities may lend into redundancy and overcapacity the long-line or long-haul capability of the telephone companies, including Alberta Government Telephones. This is a matter of major concern in terms of the future use and financial viability of Alberta Government Telephones.

Another area that concerns us is the fact that federally regulated telecommunication operations, such as Canadian National Telecommunications, operate in Alberta and are licensed by the federal government. There is some difficulty and fear that they will be in a position to skim off, in effect, portions of the lucrative market in Alberta — for example, between Calgary and Edmonton — while paying no share of the cost of providing basic communication service by way of telephones in the remote areas of Alberta. On the other hand, AGT might be in a position where it has to compete on rates that include providing service in remote areas of Alberta. So that's another area that concerns me, financial capability and solidarity for Alberta Government Telephones.

In final remarks, Mr. Chairman, reporting to the Legislature as I did in part in question period last week, I might just add what the present status on the Alberta Government Telephones rate application is. The last rate application by Alberta Government

Telephones was in 1967. An application was made to the Public Utilities Board in September of 1975. A hearing was held, and as a result of it the Public Utilities Board granted an interim rate increase effective December 1, 1975. In 1975, as the annual report shows — I wanted that to be sure to get that out to members prior to this occasion — Alberta Government Telephones lost a considerable sum of money, although less than there would have been [because of] two factors.

One factor was that the month of December included a rate increase in the revenues available to Alberta Government Telephones. Secondly, interestingly enough, because people could not communicate assuredly through the mails in Canada, the postal strike [created] a major kind of acceleration in the use of telephones for long-distance purposes. To a great extent, this was use of facilities already in place to meet peak periods such as Christmas that have to be met in any case. So much of that was very attractive from a revenue point of view, and accounts for why Alberta Government Telephones did not lose more money than it did.

The present rate case is before the Public Utilities Board, and initially has to do with what scope of operations should be reviewed and ruled on by the Public Utilities Board, and which areas of Alberta Government Telephones operations should not. Those hearings have been held and are under advisement by the Public Utilities Board at the present time.

I understand the normal phase one hearing on the aggregate amount of revenue that AGT will be allowed is scheduled for mid-June, with arguments with respect to the hearings, interventions, and so forth continuing through the summer. The conclusion of that phase one hearing would be late in 1976. If in phase one it is agreed by the Public Utilities Board that additional revenues are necessary, phase two, which allocates those revenues, would take place. This would then go on until at least spring 1977, before the present rate application before the Public Utilities Board could be concluded.

For the most part, Mr. Chairman, these are remarks I've had a rare occasion to have the opportunity to set forth for hon. members. I thought it would be useful to do so at this time, rather than to repeat the remarks I made earlier with respect to Alberta Government Telephones, or to repeat the remarks made by the hon. Member for Calgary Bow, the member of the Alberta Government Telephones Commission. I would conclude my introductory remarks there, and endeavor to answer what questions hon. members might have.

MR. NOTLEY: Mr. Chairman, I can appreciate the fact that the minister would prefer to discuss other things, but let's go back to rural gas co-ops for a while.

Mr. Chairman, I've read the minister's remarks during the throne speech debate. I've also reviewed the discussion that took place during Public Accounts last year, and the estimates from 1975 as well. Mr. Chairman, there are really four major issues I'd like to raise; quite frankly, some of them in the form of questions. At the outset, I would say there is some real concern among many of the co-op people in the province about the future of rural gas co-ops. So it's

proper that we spend a fair amount of time discussing this important issue, Mr. Chairman.

Really, Mr. Minister, the first question I'd like to put to you rather directly relates to two promises which appear to have been made to co-op boards around the province. I say "appear to have been made", because in reviewing the documents presented to this Legislature, the position papers on both rural natural gas and the rebate system, there is no reference to either of these features in the documents.

But — and the important but is this — in the brief prepared by the Federation of Alberta Gas Co-ops, for some reason they have come to the conclusion that these commitments or suggestions were made by officials of the department. In discussing this matter with a number of co-ops, again they advised me that certain commitments were made. The minister is probably well aware of the brief of the Federation of Alberta Gas Co-ops, but I refer to page 2, (d) and (e):

(d) The gas price to the contract holder would be 50 cents per MCF to cover the cost of gas operation and administration. In the event the co-op chose to have capital contribution of less than \$1,700 per member, then for every \$100 deducted from the \$1,700, 5 cents would be added to the gas rate.

(e) The co-ops were assured that the gas price would only increase at a rate of 4 per cent per annum compounded over the next 20 years.

At the time the co-ops were given this assurance, the gas price from Gas Alberta was 30 cents per MCF.

Mr. Chairman, before going on with other points I have on this matter, I think perhaps we might just stop right there and ask the minister if he would respond to how this particular point of view became so widespread. It's obvious that if the Federation of Alberta Gas Co-ops, representing the various gas co-ops in the province, has come up with this assessment of the promises they were made, somebody must have made them.

My question to the minister is: who, in fact, authorized these statements? They're not in the documents you presented to the Legislature. This kind of suggestion must have been made under somebody's authorization. Otherwise we wouldn't have reference to it in the Federation brief, or for that matter many of the co-ops would not be under that understanding. So someone from the department must have left this kind of inference, either by mistake, by commission, by omission, or what have you. I'd like the minister to take a moment at this stage of the game and bring us up to date on what sequence of events led to the understanding, at least among the promoters of rural gas co-ops, that (d) and (e) were in fact operative facets of Alberta government policy.

DR. WARRACK: First of all, Mr. Chairman, I notice that as usual the hon. member couldn't resist opening with rhetoric about how I might be afraid to discuss rural gas. We'll discuss it as long as you want, and I did during my throne speech. It's too bad you weren't here, because I dealt with exactly that issue. But to repeat it for everyone else and take the additional time of everyone else for the hon. mem-

ber, here we go again. [interjections] Well, that's fine, but if you want to go with it, let's go.

We had a very interesting and useful meeting with the Federation of Alberta Gas Co-ops on the occasion mentioned — I believe the date was February 11. A number of ministers met with the federation and discussed a number of items. This discussion included that item, of course, but also included constructive suggestions we don't always hear from some quarters as to how best to proceed in the interests of the people in rural Alberta.

As a matter of fact, it was from that discussion of how effective it would be in helping those rural gas co-ops which needed help the most, how effective it would be if it were possible for the provincial government, despite the financial circumstances that were upon us for the coming fiscal year's budgeting, to find a way to pay an additional percentage of the per member cost above a certain figure. That was discussed at that time, and to a very great extent was a kind of nucleus of that suggestion. That suggestion was a practical and positive way to deal with the problems people were having as they saw them, both with respect to the price of natural gas — though the capable members of the federation board well recognized it was far lower in Alberta than anywhere else — and a practical way to assist them, and to assist particularly those who needed it the most.

To the direct question: how could people possibly have the interpretation that there was a 4 per cent commitment of escalation into the future? Well, as the hon. member himself admits — and he knows I said it in my throne speech debate contribution if he's read it, even though he wasn't here — I dealt with that matter. What could be better than the statement of rural gas policy? What could be better than the natural gas rebate plan to indicate to people what was to be expected by way of policy from this government?

Now it turns out — and the hon. member would know this if he were ever involved in any kind of business — that you have to take your pencil out. At our meeting in February we discussed this with the Federation of Gas Co-ops, and discussed the fact that if you're going to get down to the practical nuts-and-bolts application of a program, you need to get down to it with some dollars-and-cents figures lined up on a balance sheet, and address the practical finances of working with these operations. Then you certainly need to plug in some numbers, and the obvious set of numbers to take is those that are then relevant. Since when does that mean they are going to be like that forever? In any case, the numbers that were then taken — and if one looks at the flow of energy costs being proportionately changed through time, whatever the energy source, that base-mark set of numbers is a relevant comparative base mark of energy sources, propane or whatever they might be.

Consequently, when you use those figures you come to a situation where you are determining the viability of proceeding with a co-op. The viabilities are clearly there. Unfortunately many of the people who were working with those numbers as the set of calculations that would apply at that time — and after all, those are the only calculations that would be sensible at that time — would unfortunately conclude somehow that these would necessarily be the kinds of figures they would be dealing with over a longer

period of time.

Now, it would be quite right to counter that the increases in the price of natural gas have surely been beyond what I think anyone in the Legislature had contemplated at the time of the November 1972 Natural Gas Policy statement in the Legislature by the government: that for the benefit of the people of this province we would be working toward higher natural gas prices and higher royalties on those higher natural gas prices. As a matter of fact, one of the items addressed in that very document was the policy of providing at last for accessibility or the opportunity in rural areas of the province to use the clean, continuous, convenient natural gas fuel that had been denied, for the most part, in rural Alberta as distinct from the urban areas of the province.

The increases in natural gas pricing that came about certainly materialized to be higher than anyone with less than the wisdom of Solomon might have supposed. But there was never any doubt that it was a matter of market forces, and on top of that, the conscious direction of the government, as surely everyone in Alberta would know, that there would be higher natural gas prices in the future. Happily for the people of this province that has materialized.

MR. NOTLEY: Mr. Chairman, I can appreciate that the minister is a little defensive on this matter. However, let's just proceed a little further down the road here.

Perhaps the minister's answer about sharpening the pencil, and getting out the pencil, might have some bearing on (d). Because for every \$100 deducted from the initial \$1,700, 5 cents will be added to the gas rate. I can understand that.

However, I don't think the suggestion of getting your pencil out has any relationship whatsoever to (e). The co-ops were assured that the gas price would only increase at a rate of 4 per cent per annum compounded over the next 20 years. But the minister knows. We were all in the House between 1972, when the first statement was made on this matter, through to the present time. We were here in 1973 when the natural gas act was debated. We were here during the whole export tax fight. We were here when one statement after another was made by the Premier, clearly stating that we wanted a higher price, we wanted access to world prices for oil, we wanted to relate the price of natural gas to the BTU equivalent of oil. That was the clearly expressed policy of this government.

Now, Mr. Chairman, on that basis, how is it possible that anybody could convey this kind of impression to the leaders of the rural gas co-op movement in the province that there would be a 4 per cent per annum increase for 20 years? There couldn't have been a member in this House between 1972 and 1975 who didn't know that natural gas prices would go up substantially. We might not have been able to predict the increase which has occurred, but we certainly would have known that they would have gone up by considerably more than 4 per cent a year.

My question — and I come right back to it and would like a specific response from either the minister or the former minister — is: on what basis was this kind of suggestion made, or this misunderstanding, if in fact it's a misunderstanding, on the part of

rural gas co-op people around the province that there would be a rate of no more than a 4 per cent per annum increase over the next 20 years?

DR. WARRACK: Well, the hon. member has essentially answered his own question. The fact is that the conscious effort by way of Alberta resources was to get them available, not at fire-sale prices as had been the history, but instead at proper commodity value. And a conscious effort to meet those market forces and take advantage of them for the people of Alberta was a conscious policy of the government, and surely recognized by all.

Now, as the hon. member for Spirit River-Fairview has said himself, as he reviews the documents he doesn't find any commitment of that nature. I've reviewed them in very great detail in response to the queries not only from the hon. member for Spirit River-Fairview, but also from the hon. Leader of the Opposition — in fact, first I think from the hon. Leader of the Opposition — and I've addressed the remarks that have been made on this matter in *Hansard*, as perhaps others have, and discussed it with the former minister, and there simply is no such commitment.

I'm simply explaining to you — or, if you like, I suppose it would be more accurate to say the federation discussion we had on that occasion on that issue — how anyone could have had the feeling or understanding that there was any such commitment. It's simply not there, [and it was] not made. The mutual kind of discussion we had, a very frank one, but not antagonistic — I don't want that to be distorted too — was simply to recognize the fact that if people are working with a set of numbers, they tend to have those numbers in their minds and think in terms of relatively little change. That was the only explanation for that we could mutually come up with. It's unfortunate.

MR. NOTLEY: Mr. Chairman, with great respect, I find that a little difficult to follow. I really do. You know, the point is that a highly responsible group of people, not just the federation executive, but gas co-op boards of directors all over the province somehow were left with the clear impression that there would be this commitment of no more than a 4 per cent increase per annum.

Now this doesn't just happen. It's not a process of osmosis that somehow one day, you know, people all over the province who are going out and selling the government's rural gasification program to their fellow farmers just suddenly, by an act of God, discover there is a government commitment here by the government, 4 per cent a year for 20 years.

That doesn't happen, Mr. Minister. You shouldn't be suggesting that it does, that it's somehow just a minor difference of opinion. There has to be some logical explanation of how the people who were selling rural gasification, including the directors of the federation itself, got this misunderstanding.

I find it impossible to believe it's just an accident of fate that somehow they misunderstood when they got the old pencils out. Somehow an accidental misunderstanding on a major matter — because we are talking now about something pretty crucial to the people who were selling the world gas program, people who were committed to this program from day

one and went out and talked to their neighbors about it. These are the people who now find it just a little tough when they've gone to people, signed them up in the co-op on the basis of information they thought correct. Now the neighbors say, well, what about this 4 per cent commitment we were given.

You know Gas Alberta was 42 cents. Now it's 71.4, and in all likelihood will be going up next year. Where was this 4 per cent provision? Whether it happened accidentally, I think we should find out how it happened. I would also like to know if, in fact, this kind of misunderstanding was basic to the promotion — and it had to be pretty basic if it's in the co-op federation rates — then why wasn't it corrected at the earliest possible moment?

DR. WARRACK: Well, Mr. Chairman, the hon. member has again repeated himself, and I'm sorry he doesn't understand. I wish he did. Certainly the responsible board members of the gas co-op federation were far more perceptive and understanding on the matter, and I've already answered the question.

MR. CLARK: Mr. Chairman, perhaps if the minister doesn't want to answer the question, I'll have a crack at it.

It seems to me that really what happened in this situation was that the government found itself in trouble getting the rural gas program operational. When people in some of the rural gas co-ops got their pencils out, the economics didn't look so good, especially when we see what was happening to the cost of installation. Pretty candidly, to assure that the program was going to be successful word came from the department. Some of the civil servants discussed it with various rural gas co-ops in some areas of the province and said, look, the government is going to see that a 4 per cent per year increase is the maximum.

It's unfortunate the minister doesn't get up and say this, or the former minister, because that's really what happened. It doesn't take a great deal of imagination. Talk to some of the people who were on the federation initially, and talk to some of the directors who were led down the garden path. It was a clear effort on behalf of the government at the time to try to get people into the program. Likely, the program has a number of good aspects in many regards. But that's how people got into it and got the 4 per cent commitment — unaccustomed as I am to answering for the minister.

DR. WARRACK: Well, that's the hon. member's interpretation. Certainly I would like to pick up one point the hon. member makes, and that is the program does have some excellent features. So excellent, Mr. Chairman, that we're almost a third of the way complete, and that's really after two and a half years of what was initially contemplated to be at least an eight-year program. As a matter of fact, we were more than 10 per cent over target in this past fiscal year by way of natural gas being made available to people in rural Alberta. The target had been 10,000 installations, which has to be multiplied by the number of people per household or per farm. The final figure is well over 11,000 and the total figure is in the area — in fact, I believe a little exceeding 25,000 as far as the number of users to whom

natural gas in rural Alberta is being made available. I guess that would convert to something in the order of 85,000, perhaps 90,000, people in rural Alberta.

So notwithstanding the one point that people are mentioning so far in this discussion, the program has been highly successful and very greatly to the credit of the local people who have worked hard in so many areas to make the program work, essentially harnessing that co-operative kind of enterprise in the spirit of neighborliness, aided and catalyzed by a very effective staff.

MR. NOTLEY: Mr. Chairman, first of all, no one is downgrading the principle of the rural gas co-op program in this Legislature. But during Supply we have a right to get to the root of questions relevant to the province. Now the minister can be as defensive as he likes, as snarky as he likes, as mad as he likes, but the fact of the matter is that these questions have been asked throughout the province. We have a responsibility in the Legislature to get to the bottom of what has caused those questions.

The minister has not answered the question I put to him, nor the comment made by the Leader of the Opposition. After listening, I frankly have to conclude that the Leader of the Opposition may be somewhat closer to being correct on this matter than the minister. But the minister hasn't even bothered to answer whether that was the reason — that somehow the assurance came down from the department to gas co-op people that they would have a 4 per cent increase compounded over 20 years.

I say the minister can be as defensive as he likes. The Legislature is the place where public issues have to be discussed. The minister can talk in glowing terms about the gas co-op movement. In many respects I think the people who have worked to build the gas co-op movement are real martyrs. I have nothing but admiration for the work they have put in to promote rural gasification throughout this province. These are the people who are saying not only to the opposition, but to government members as well, that they feel they were led down the path on some of these crucial matters. Now this is the sort of thing that should be discussed in this House. If the minister doesn't like it, that's tough bananas. But he's going to hear it tonight and hear a good deal more.

I'm rather disappointed that the minister did not respond to the comments made by the Leader of the Opposition, because if Mr. Clark's comments were correct, there's been an element of misrepresentation in this whole question of rural gasification in Alberta, which has misled the people who were given the responsibility at the local level of developing rural gasification and, to a large extent, have been successful. This government owes a lot to the success of these people. These are the people who now have to go to the curling rink, the skating rink, or downtown to meet the customers in the co-op, who one after another are saying, where were those guarantees you gave me two years ago when you came around to sign me up?

The minister in this debate can try to dot every "i" or cross every "t" about a statement made hither or thither. The fact of the matter is that this was the understanding people had throughout the province. Someone has to be responsible for it, and in this

House the Minister of Utilities and Telephones is responsible to the House and, in my judgment, has to come up with the answers.

This isn't Oral Question Period. In Oral Question Period the minister doesn't have to answer a question. But when we're about to vote the estimates of a department, the minister had better come up with the answers, especially on something as basic to the rural gas program as this question of whether a commitment was made, and why.

MR. FARRAN: Mr. Chairman, the hon Member for Spirit River-Fairview obviously hasn't done his homework. If there's any element of misrepresentation here, it lies in that corner of the House. If anyone misleads the people, it's the hon Member for Spirit River-Fairview. No one was led down the garden path.

The hon member presumably read the position paper of the day. He was here when the natural gas rebate bill was debated. He's heard dozens of questions on the subject in the question period, which are recorded in *Hansard*. The statement was that the rate would be adjusted annually according to the inflation rate and in the light of changing market and economic conditions of the day. Those were the exact words.

If the hon. member would like to do a little genuine research, he could read them himself by asking the library for a copy of the position paper, if he's lost his copy.

DR. WARRACK: Does that answer your question?

MR. NOTLEY: Mr. Chairman, that's just absolute nonsense. When I rose to speak, I mentioned that the position papers didn't contain the commitment. I made that point to begin with, when I raised this matter. But the question about the 4 per cent, compounded per annum, is contained in the Federation of Alberta Gas Co-ops' brief to the government, and my ...

MR. FARRAN: Which do you believe? Papers that are tabled in this House as official public documents, or some newsletter from a body outside the House?

AN HON. MEMBER: Hear, hear.

MR. CLARK: Frankly, I'd be more inclined to believe the rural gas co-ops right now than I would the minister.

MR. NOTLEY: Right.

SOME HON. MEMBERS: Oh, oh.

MR. NOTLEY: Mr. Chairman, to pursue this matter, the fact of the matter is that the federation of rural gas co-ops, in their brief to the cabinet on February 11, make this assertion. You can dismiss the comments of the opposition if you like, but the fact of the matter is that this is the organization representing the co-ops that have done your job in bringing rural gasification to the people of Alberta.

To make some of the comments the Solicitor General made, in my view is to cast aspersions on the Federation of Gas Co-ops people. They have made

these comments. I have asked questions about the comments they have made. I'm perfectly aware that in the position papers presented in the House, the position papers relating to both the rural gasification program and the rebate program, there is no commitment. But I am also able to read the Federation of Alberta Rural Gas Co-ops' brief, and they say there was a commitment. We in this House have an obligation to get to the bottom of who made that commitment, and why.

MR. TAYLOR: Mr. Chairman . . .

DR. WARRACK: Mr. Chairman, if I might. First of all, excepting the little speech and lecture about our parliamentary procedure, I don't think we really need that. I didn't need it on March 26 when I took his candidate's deposit.

MR. NOTLEY: Oh, oh.

DR. WARRACK: The candidate, by the way, who admitted at a forum — the only one he'd come to — that he hadn't heard of the British North America Act. It's only our country's constitution. Talk to that person about parliamentary procedure.

MR. NOTLEY: So what?

DR. WARRACK: What do you mean, so what? I think the British North America Act is pretty important stuff. I'm a Canadian and if you're a Canadian . . . [interjections]

MR. CHAIRMAN: Order please.

DR. WARRACK: . . . you'd think it is too.

MR. CHAIRMAN: Order! We'll keep to the subject at hand which is Utilities and Telephones, and stick directly to the questions.

DR. WARRACK: That was dealing with the little lecture on parliamentary procedure, Mr. Chairman. I certainly didn't want any distorted rhetoric about how the minister didn't even comment on the question of parliamentary procedure.

As I guess I've said twice now, I've already dealt with the interpretation the hon. member is trying to put on this particular matter for his own purposes. I guess it's partly a matter of philosophies.

He tells my colleague, the Solicitor General and former minister, that these people in rural Alberta have done our job. Now if I ever heard an example of big government, state-controlled thinking, that's got to be it. They have done their own job with assistance, by way of technical and financial advice. It includes matters of how to calculate the financial viability of systems at alternate gas rates. Above all, with the capital grant assistance program to the rural gas co-ops, they have essentially done the job.

If you get around this province and talk to these people, you'll find they've done what they regard as their own job. They've got pride in having accomplished it, as distinct from thinking in terms of it all being big government, a state control kind of job, and that everything that's being done is done for someone else. That's not the stuff Alberta is made up of now,

and I don't think it ever will be. They have done a tremendous job, as all are agreed, for themselves, for their own service, assisted by government.

When you go around the province and talk to them at large — and I meet regularly with the chairman of the Federation of Alberta Gas Co-ops Ltd. — you find that there are indeed a lot of grateful people. As a matter of fact, all of these so-called disasters the hon. Member for Spirit River-Fairview is chirping about are matters that were before the people of Alberta a little over a year ago. I don't think the response was all that discouraging for us.

MR. KIDD: Mr. Chairman . . .

MR. TAYLOR: Mr. Chairman, I've heard the argument three times from the hon. Member for Spirit River-Fairview — the same thing at least three times. I've heard two ministers deny it. I've heard the hon. Leader of the Opposition give his verdict of how it happened. Now how much longer do we have to sit and listen to this same palaver?

MR. KIDD: Mr. Chairman, in the statement that the hon. Member for Spirit River-Fairview read, he stated that the price in that letter was 30 cents from Gas Alberta. It was 42 cents. Is that correct, Mr. Minister: 30 cents from Gas Alberta? It was 42 cents.

DR. WARRACK: No, that's not quite correct. This would have been the case at the time the hon. member assumed his elected responsibilities. Essentially, in the second year of the rebate program that shields Alberta users from world market prices of natural gas — I should say some percentage thereof by way of the oil price and the percent of commodity value that natural gas is of oil — it was lower than 42 cents. We need to calculate it precisely, but I think it was on the order of 28 cents in the prior fiscal year. I believe the first year of the rebate plan was 28. The second year I know it was 42.

MR. NOTLEY: I have to laugh when the hon. Minister of Utilities and Telephones talks about rhetoric, after listening to that last little effort on his part which contained 99 per cent rhetoric and about 1 per cent substance.

However, the issue at this point in time, Mr. Minister, is not the particular route the government has embarked upon. The point has to be made that this government owes an awful lot to the people who have gone out and sold rural gas. These are the people who made it possible. The point has to be made again that these are the people who feel a commitment was made. Now, Mr. Chairman, we could stay here all night. It's obvious the minister isn't going to answer the question satisfactorily, in my view anyway.

I just can't accept the proposition that somehow a large group of very intelligent people throughout rural Alberta got this mistaken idea there would be a 20-year rate compounded no more than 4 per cent increase per year. In view of the things that were said in this House, I just can't imagine how that would happen unless somebody from the department, either officially or unofficially, left that impression.

Mr. Chairman, I want to move on to three other aspects of the rural gas program. The first deals with

the question of financing the co-ops' share of the 'overage'. I realize a change was announced shortly before the Legislature. Formerly, 50-50 over the \$3,000 was assumed. Now it's 50-50 for the first \$750, and 75-25 per cent over \$3,750. I would have to say that is a step in the right direction. However, that still leaves a substantial amount of money which has to be raised by the co-op.

Now I don't often agree with the Member for Whitecourt, but I thought the suggestion he made the other day was a reasonable one: that a fund be set up for the rural gas co-ops to finance part of this 'overage' on the same terms and conditions as the REAs. It seems to me if you can make the argument that the REA should have access to this revolving fund, you can also make the equally valid argument that the rural gas co-op program should have access to very low-interest money.

I'd like to find out the government's view of making that kind of money available. I raised this matter with the Minister of Consumer and Corporate Affairs during his estimates. He said the suggestion was one the government would look at. I'd like to know to what extent the government is, in fact, reviewing that possible option.

The second question deals — the minister was harping away in his initial comment about no positive suggestions. Quite frankly, I think the Federation of Alberta Gas Co-ops made a number of positive suggestions which, by and large, I support. One of them is that in their particular jurisdiction, in their franchise area, the gas co-ops should service the industry involved. That's contained in the federation brief. I'd like to know just what the government's position is with respect to co-ops having the exclusive franchise to serve industry within their particular areas of jurisdiction.

The third question really relates to natural gas prices in the future. We're at a point — and I didn't get this information from the Department of Utilities and Telephones, I asked the minister for it and didn't obtain it. So my office wrote the various gas co-ops in the province, and I have a pretty good picture of gas rates throughout rural Alberta.

Now, Mr. Chairman, when one looks at, for example, east central Hanna at \$1.40 per MCF with \$4 a month service charge, Forty Mile, \$1.20 per MCF, Little Bow, \$1.50 per MCF, North Peace, \$1.75, there's one I believe at \$1.80 per MCF, it's pretty obvious you can talk all you like about the comparative prices of other forms of energy. The people in the gas co-op movement are going to have a tough time selling rural gasification to new customers if there are going to be substantial future increases in natural gas.

I'm saying to the minister that I realize this is the last year of the three-year shelter program. It's very important that a new shelter program be announced some months ahead of the termination of this program so rural gas co-ops will be in a position to know the price of natural gas from Gas Alberta, even if that's going to mean some form of shielding, even if that shielding is beyond that for other consumers in Alberta. I say that quite frankly, because with the installation costs, and looking over the gas co-ops in the province, we're going to have some pretty serious troubles down the road to keep people burning gas.

I use the North Peace Co-op because I'm more

familiar with it than with any other gas co-op in the province. At the present time there are 500 members in the North Peace Co-op. We have a new arrangement whereby members will pay \$14 a month service charge and \$1.25 per MCF. But the co-op will fail unless 500 people burn gas. At the present time only 260 are burning gas. So the people who have gone out and promoted the idea of rural gas co-ops have another hurdle to overcome. We've got 500 members of the co-op who have to burn gas. If they don't burn gas, this co-op is going to go down the chute.

The fact of the matter is that we just cannot stand substantial — I'm talking about moderate increases over the next four or five years. But we've got to have some significant shielding in the price of gas. I say that because this is the end of the rebate year and we do not know at this point in time whether the rebate system is going to be extended, or for how long, or on what basis. We have to have some significant shielding.

The other equally important feature, Mr. Minister, is that there has to be some degree of certainty if rural gas co-op boards are going to make ends meet. This again is one of the points they make in their brief — I just cannot go on the basis of maybe it will be 71.4 cents from Gas Alberta, or \$1.50, or \$1.75, or any range in between. We have to have some degree of certainty. I know that's difficult. I realize the problems when we look at the various steps now being considered by the government, steps which will occur as a result of a natural gas pricing agreement concluded last fall — what will happen with the pricing of oil and the upward price of oil. But it seems to me it is absolutely imperative that we provide the rural gas co-ops as soon as possible with some pretty firm understanding as to what the price of natural gas will be in the future.

DR. WARRACK: Mr. Chairman, following the questions in turn. First of all with respect to the financing, I don't know whether or not to go into the full-blown review of the financing system as I did in my remarks on the throne speech, with respect to the fact that two additional financial assistance steps were taken beyond the original commitment to the rural gas program — prior to my time of responsibility, under the leadership of the former minister — where the 50-50 sharing of costs above \$3,000 was undertaken. That was one step that was very helpful and necessary. Certainly I don't think there is any dispute about that.

The second, which was very major in some gas co-ops — in fact it would have been an impossible situation had it not been done — was to undertake the transmission costs, the pipeline costs for the basic supply transmission of gas into the franchise area, so that the price of gas is equalized at the end of the pipeline FOB franchise area, if you like, rather than head end. Then, as was mentioned, in late February of this year we undertook a further commitment for the reasons outlined in some detail in my throne speech debate contribution, as to why, and those additional areas of financial assistance were undertaken.

The comparison is made with the REAs. It should also be noted that in the natural gas co-ops there is a system of outright grant to assist financially in the construction of the systems of very major importance;

some \$33 million in this coming year, \$30 million in the past fiscal year. So financial assistance is available by way of a grant system as distinct from low-interest loan which, when you work it out of course has an element of grant about it. But certainly it could be argued validly that there is additional financial assistance provided for gas co-ops that is not done by way of any grant system of major proportions which affects the REAs. At the same time it may very well be, as we look down the road, that some consideration of some different mix in the future would be worth while. Certainly I would be prepared to look at that.

The hon. member lapsed into a distortion of my remark about positive constructive comments, and pretended that I was talking about the federation of gas co-ops. Of course that is not the truth. As a matter of fact, the federation of gas co-ops has been very, very helpful in many, many ways, both on a policy level and with respect to the practical day to day implementation factors involved in making the program work. As a matter of fact, to be clear about it, their contributions have been most helpful and most constructive.

As the hon. member points out, from a reading of the federation brief the franchise area consideration was a matter that was discussed at that time. At the outset of the program it was never contemplated that people who wanted a development of some sort would not have the choice of where they got their gas supply.

In the instance of commercial developments, it's our feeling that the people who put up the risk capital, the people in charge of managing that risk capital, should have the opportunity to choose. Now, in a number of instances I would contemplate that they would look at the situation and choose. Often with agricultural processing there are literally interlocking boards of directors, and in cases like that it would often make sense that they would want to take from the rural gas co-op. On the other hand, if there's a major development — an instance I can think of is the electric generation plant on the Battle River near Forestburg where there would be a major amount of natural gas used for ignition purposes, with coal as the base-load fuel — they should have the freedom to choose what their source of gas might reasonably be. That is the position.

With respect to all the comments about the fate of the natural gas rebate plan, Mr. Chairman, I dealt with exactly that in my comments on the throne speech debate. The hon. member mentioned reading it, so he must have read that. What I said at that time, and I say now — and as a matter of fact I believe I said also in December at the Public Accounts meeting — is that indeed this is the last fiscal year of the commitment to a rebate plan on natural gas to shield the users of natural gas in Alberta. But it would surely make sense to see the configuration and levels of energy prices effective on July 1, and to utilize that additional information to consider what ought best to be done in the people's interest in Alberta with respect to the rebate plan, whether it should in fact be continued or not.

In fact, one of the hon. members on the government side spoke to me today about that very matter, urging that the natural gas rebate plan be reinstituted for a period of time on a commitment basis after the

present commitment is concluded. We would be looking at that in the second half of 1976, once the information is known about price increases effective July 1 in Canada. As I say, that's repeating what I said in the throne speech debate, and what I said in the public accounts meeting in December.

With respect to the variation in gas rates, there are a number of items that can cause different rates. Any co-op, wherever it is, receives the same gas price from Gas Alberta. That is to say, the Gas Alberta price is 71.4 cents, inclusive of the basic cost of gas itself, plus the operating costs, the Gas Alberta equipment, and so forth. In the instance that a local gas co-op asks the provincial government to do its billing, it costs another 1.1 cent for that particular service. So the price to the co-op is the same. I don't think there's any confusion about that.

What then happens is this. First of all, in instances where a natural gas co-op, by way of the decision of the local board, decides to charge as an initial member contribution — which, by the way, can be 85 per cent financed by guaranteed loan through the Department of Consumer and Corporate Affairs — less than the recommended \$1,700 under the program, then of course that amount of difference has to be paid for. It doesn't suddenly disappear into thin air. It has to be amortized in the gas rate.

As was mentioned in the Federation of Alberta Gas Co-ops' brief of roughly 5 cents per \$100, if it's \$400 less than the recommended \$1,700, the \$400 has to be amortized over the borrowing loan period. Four times five is 20 cents, so right there there has been 20 cents of additional gas rate, 20 cents per MCF, to pay for the amount that was not charged in the initial member contribution of \$1,700. So that's the first point. This applies to a number of co-ops, though certainly not the majority.

Secondly, of course, it depends on the total cost per member in the co-op as to how much is left to be amortized in the gas rate. If the co-op might have a figure of \$3,500 per member — I'll use this by way of example to stay away from the 75 per cent additional financial assistance that was introduced — a \$1,700 membership contribution plus \$1,300 grant brings us up to \$3,000. Then the provincial government pays 50 per cent of the \$500. That leaves \$250 to be paid in the gas rate by the local co-op membership as they proceed to take gas. Again, at 5 cents this comes out to 12.5 cents in that particular example.

So depending on cost levels . . . I notice the hon. member particularly referred to a number of gas co-ops in southern Alberta. I might point out to him that part of the reason for their enhanced viability, though with high capital costs, is that in many parts of southern Alberta they have two peak seasons for the use of natural gas: the normal winter season that applies to everyone and, in their case, the heavy use of natural gas for irrigation purposes, which gives them a second high peak season, and greatly helps the economic viability of the gas co-ops in southern Alberta. For the most part they are faced with high capital costs because of remoteness in some cases, and because of the fact that in many instances they have high volume design requirements because of their use of the systems for irrigation.

But my fundamental point is that the cost above \$3,000 is shared 50-50 between \$3,000 and \$3,750, and shared 75-25 above \$3,750. The amount that

has to be paid by the membership is then amortized in the gas rate and accounts for a second factor of variation in the gas rate.

A third factor of variation is the percentage of the people, as was mentioned, that sign up and follow through taking gas, because essentially the hardware of the system has to be in place to serve anybody. Once in place, it's a situation where the higher the percentage of people that would be within that franchise area taking the gas and paying the gas rate, the lower the operating costs. So the percentage of people in an area that is taking and utilizing the natural gas is the third factor.

Those three factors basically explain the reason there's so much variation in gas rates, and that's reasonable. It's also to a considerable extent a local kind of decision, and oftentimes the people in local areas are in a position to make these kinds of decisions better than anyone else. But in any case, this certainly explains the reason there's considerable variation in the gas rate from co-op to co-op. In the case of North Peace, because they wrote to me recently, all three factors apply, and [this] accounts for the hon. member's difficulty in that area.

I'm disappointed to hear a member say, you know, if 500 don't sign up it will fail, because that doom and gloom will work against the efforts of the local board to try to make it succeed, inasmuch as the third factor is the operating cost factor and is helped, more than anything else, by more people taking advantage of the accessibility of natural gas. In any case, that explains the gas rate variation among gas co-ops. As I understand it, that was the question.

MR. FOSTER: Mr. Chairman, I move the committee rise and report.

[Motion 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 resolution.

Resolved that a sum not exceeding \$16,795,010 be granted to Her Majesty for the fiscal year ending March 31, 1977, for the Department of Business Development and Tourism.

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

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

HON. MEMBERS: Agreed.

MR. FOSTER: Mr. Speaker, by way of House business tomorrow, we propose continuing in Committee of Supply with the Department of Telephones and Utilities. If that's completed, and there's some doubt of that, we will proceed with the Department of Advanced Education and Manpower.

Mr. Speaker, I move that this House do now adjourn.

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

HON. MEMBERS: Agreed.

MR. SPEAKER: The Assembly stands adjourned until tomorrow afternoon at half past 2.

[The House rose at 10:16 p.m.]